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An Overview of Canadian Social Policy

by Melanie Hess,
Canadian Council on
Social Development

The International Development Research Centre
Le Centre de recherches pour le développement international
El Centro Internacional de Investigaciones para el Desarrollo

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FOREWORD

In recent years, profound economic, social and demographic changes have prompted concern about the status and future of human development and social policies in developing and industrialized countries.

The impact and implications of this rapid global change are not yet fully known; far too little attention is paid to the interdependency of economic and social policies. In industrialized countries, there is growing concern about people falling victim to the new economic order and the future sustainability of essential — albeit costly — social programs and services. In the developing world, the primary concern is ensuring that people have life's basic necessities, access to social supports and a stable environment in which to develop their potential.

This report is the result of a collaborative project between the Canadian Council on Social Development (CCSD), the Social Dimensions Division of the Canadian International Development Agency (CIDA) and the Social Policy Program at the International Development and Research Centre (IDRC). The project was developed to promote a better understanding and more effective implementation of the social dimensions of development in the countries in which CIDA and IDRC operate.

To achieve this goal, the project endeavoured to share information about Canadian social policy and discuss its relevance to developing countries. CIDA and IDRC can use this information to determine if, and how, aspects of Canada's social security system, the individuals and organizations active in the social policy field, and the social policy-making process might prove useful in their program work in developing countries.

This paper provides an introductory overview of Canadian social policy. It begins by discussing the question, "What is social policy?" followed by a presentation of the major objectives, principles and values which underlie our social security system. It then explains the themes that influenced the development of our system and traces its growth. It describes some basic features of social programs, including a short discussion of current social spending. It next presents some of the major considerations, influences and players involved in social policy-making in Canada. The paper ends with a discussion of some of the pressures and challenges confronting the social security system and several social policy research priorities.

As part of this project, the CCSD also prepared an extensive directory of Canadian Social Policy Resources to provide CIDA and IDRC with information on the activities and expertise among university departments, research centres, non-governmental organizations and government bodies that are involved in social policy research and activity in Canada. With this information, CIDA and IDRC can forge linkages with those engaged in social policy in Canada and those seeking to improve the living conditions and quality of life of people in developing countries.

Finally, the CCSD organized two workshops which brought together CIDA and IDRC staff and representatives from the Canadian social policy community. The first workshop focused on defining and discussing the nature of social policy. The second workshop explored the potential for partnerships between Canada and developing countries in the field of social policy.

Melanie Hess, a senior researcher at the CCSD, served as the project coordinator and authored the overview paper. Laura-Marie Berg, a consultant, capably assisted Melanie in all aspects of the project and prepared the Directory of Canadian Social Policy Resources.

The project was guided by an external advisory committee which included Maureen O'Neill, the President of the North-South Institute, Pierre Dionne, Director of International Social Development at Health and Welfare Canada, and Allan Moscovitch, Supervisor of Graduate Studies in the School of Social Work at Carleton University. Their assistance was greatly appreciated.

The CCSD is pleased to have been a partner in this project. It represents a joining of Canada's domestic and international organizations which, in the past, have operated largely in isolation from one another. We hope that this project will stimulate future collaborations in order to determine how Canada, and its social policy experience and expertise, can help CIDA and IDRC develop programs that will help ensure that human development is as much a priority as economic development throughout the world.

Patrick Johnston
Executive Director
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INTRODUCTION

Canadian social policy is a fascinating and challenging field. It is a vitally important area because it concerns itself with the whole of Canadian society and all its citizens. The British academic Richard Titmuss, one of the seminal thinkers in the social policy field, said that we study social policy "...because, in looking at the state of the world today, we are concerned about social justice in many of its manifestations, and because such study may help us a little to understand better certain aspects of complex modern societies."[1]

Yet social policy is an area that remains a mystery to most Canadians. Ironically, this is largely due to the nature of social policy itself. Social policy is a vast, multifaceted and complex field. It is not easily defined, analyzed or evaluated. It has a multitude of goals, means and ends. It is a highly political and value-laden endeavour. It addresses issues that are often contentious and that defy easy solutions. It is oversimplified and under-reported in the mass media. Therefore, it is not surprising that Canadians know little and learn little about social policy and how it affects them throughout their lifetimes.

This paper was written by the Canadian Council on Social Development (CCSD) as part of a collaborative project between the CCSD, the Canadian International Development Agency (CIDA) and the International Development Research Centre (IDRC). The paper is one of several documents prepared for this project.

The purpose of the project is to share information about Canadian social policy and discuss its relevance to developing countries. Ultimately, CIDA and IDRC can use the information gleaned from this project to determine if and how the experience of Canadian social policy — specifically, its social security system and the social policy-making process in Canada — can be adapted and applied to their program work in developing countries.

This paper provides an introductory overview of Canadian social policy. We present the information in five sections. In order to understand what we mean by social policy, the first section, "What is Social Policy?" contains several definitions of social policy. We select one which we believe best exemplifies what is meant by social policy in Canada. Before presenting the definitions, we discuss some caveats in order to illustrate why social policy is so challenging to define and discuss.

In the second section, "Objectives, Principles and Values Underlying Canada's Social Programs," we highlight the major objectives, principles and values upon which our social security system was developed and which continue to characterize Canada's social programs.

The third section, "Canada's Social Security System," briefly explains the themes that influenced the development of our system and traces the growth of Canada's social security system. We then describe some basic features of social programs today, including a short discussion of current social spending.

In the fourth section, "The Social Policy-Making Process in Canada," we present some of the major considerations, influences and players involved in social policy-making.

The fifth section, "Current Challenges Facing Canada's Social Security System," discusses some of the pressures and challenges confronting our social security system and presents several social policy research priorities.

We emphasize at the outset that the project parameters necessitated using a "broad brush" approach in this paper, rather than presenting a detailed and lengthy discussion of the Canadian social policy experience. This paper is intended to serve as a starting point for CIDA and IDRC in identifying how the experience of Canadian social policy can be beneficial to developing countries.

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1. Titmuss, in Abel-Smith and Titmuss, 1977, p. 58.

SECTION I: WHAT IS SOCIAL POLICY?

Social policy "...is a vague term the boundaries of which are ill defined, but the content of which is rich."[2]

This statement expresses the fundamental difficulty in defining social policy; "it cannot be discussed or even conceptualized in a social vacuum."[3] In its broadest sense, social policy is concerned with human beings and human relations. Yet in this sense, "social" is so general that it is rendered virtually meaningless and becomes synonymous with public policy:

> "...in its widest sense, [social policy] would include all policies directed toward making some change in the structure of society, and since no policy could be excluded from this, social policy would simply be another name for government policy. If the term is to become meaningful, obviously it must become some kind of a subset of the larger set of policy in general. Some things must be found to distinguish it and at least mark out roughly where the boundaries lie."[4]

Below we provide nine definitions of social policy in an attempt to distinguish it and at least mark out roughly where the boundaries lie. A definition of social policy is then selected for this paper.

Before presenting the definitions, some caveats are in order to help explain why social policy is so challenging to define. First, there is no consensus regarding the terminology used in the field of social policy. The term "social policy" is used interchangeably with "social programs," "social security system," "social welfare policy" and the "welfare state." These terms are related, but they are not synonymous. This can be confusing when trying to define social policy.

Second, the nature of social policy itself makes it difficult to define. Social policy is a vast, multifaceted and complex field. It deals with issues that are often contentious and defy easy solutions — issues such as poverty, unemployment, housing, care of the elderly, family violence and health-related issues like AIDS, to name just a few. Social policy involves a multitude of goals, means and ends, both explicit and implicit.

It grapples with questions such as, what is the role of government? Who do we want to help? How much help should be provided and how should it be delivered? How will we pay for it? How will we priorize people's needs? What is the balance between public and private responsibilities? How can we ensure that social policy will not unduly burden the economy? These are very difficult questions to resolve when discussing and designing social policy.

Third, social policy is not static. Profound demographic, social and economic changes are shaping, changing and challenging Canadian social policy, including the state of the economy, globalization, free trade, prevailing political values, an aging population, the increase in single-parent households, the rise in two-earner families, women's increased participation in the labour force, and historic events like the Constitution Act of 1982 and its Charter of Rights and Freedoms. These changes mean that Canada's social policies and programs must be re-examined and recast to respond to emerging trends, issues and needs.

Fourth, the broad and complex nature of social policy requires an equally broad and diverse theoretical and analytical perspective in order to analyze and evaluate it. People working in social policy need to know at least a little bit about an overwhelming array of disciplines — economics, political science, sociology, psychology, public administration, social work and ethics.[5]

Yet paradoxically, social policy cannot rely on a comprehensive and broadly accepted knowledge base to the same extent as the natural sciences or even, perhaps, economics.[6] This, in turn, means that social policy does not easily lend itself to ready comprehension, examination and evaluation. It is difficult to predict with certainty the impact and outcomes of various social policies. For example, the deinstitutionalization of persons with physical and mental disabilities is a laudable policy change. However, the success of deinstitutionalization has been undermined by the lack of supports and services that are necessary for persons with disabilities to live as independently as possible in their own communities.

Even explaining developments and trends in social policy is an uncertain and often controversial endeavour. A good example is the rise of food banks over the past decade, which proliferated even during the latter half of the 1980s when poverty was declining in Canada. While food banks clearly help fill an unmet need, critics fear they constitute a re-privatization of social programs and an abdication of government responsibility for the poor.

And since there is no absolute definition of what constitutes a social need, there is no definitive answer about how a need should be met or whether a particular social policy is "right or wrong." The current debate about what constitutes poverty and how it should be measured is an example of how difficult it is to even discuss social policy issues, let alone make progress in addressing them. The emerging debate about the effectiveness and future of our social programs is also an area in which these same difficulties arise.

Fifth, because social policy is so complex, there is an understandable tendency to oversimplify it. This is evident in the way the media interprets and reports on social issues and problems. As Titmuss sagely remarks:

> "...we live in an age of 'the great simplifiers' brought into being, in part, by the mass consumption society. The simplifiers are dominated by the mass media of the press and particularly of television. They must see everything in terms of black versus white and present polarised conflict as entertainment — the universalists versus the selectivists, the spoon-fed versus the independent, or individual choice versus the rationing state."[7]

The tendency to oversimplify social policy is also evident when social policy is debated and when reform options are proposed. Social policy reform lacks a long-term vision, proactive planning and a coordinated, holistic approach.

Sixth, social policy "...does not imply allegiance to any political party or ideology..."[8], but there is no "value-free" approach to it. In large part, value judgements determine the kinds of needs and social problems that a society deems worthy of intervention, as well as the nature of the interventions and the limits of collective action. Social policy involves choices between conflicting and competing political objectives. Ultimately, "...human welfare is an ethical concept."[9]

Finally, social policy must be seen "...in the context of a particular set of circumstances, a given society and culture, and a more or less specified period of historical time."[10] For example, the availability of resources affects social policy development and, obviously, social policy in a developing country will bear little resemblance to social policy in Canada. Societies are in different stages of development and as societies change, so must and do their social policies. Therefore, social policy definitions reflect unique societies, and Canadian social policies and programs cannot be easily understood or compared with those in other places.

In sum, the nature of social policy makes it a difficult area to discuss and define. Consequently, definitions of social policy can be helpful in trying to forge a common understanding of what we mean by the term, but defining social policy in the abstract is of limited value. As Titmuss explains:

> "...there is an intellectual limit to the amount of theorising about definitions that is of educational use in, so to speak, a conceptual value vacuum. A state is reached in which we feel the need to ask: for what purposes are definitions required? What are we trying to measure, compare or evaluate? To understand better what it is all about have not we in the end to ask concrete questions about specific policies and services rather than to generalise broadly about 'social policy' in the abstract?"[11]

Bearing these caveats in mind, how do we define social policy? Several definitions of social policy have been suggested over the years by leading scholars of social policy.

Social Policy Definitions

1. "Social policies are concerned with the right ordering of the network of relationships between men and women who live together in societies, or with the principles which should govern the activities of individuals and groups so far as they affect the lives and interests of other people."[12]

2. "...the mainspring of social policy may be said to be the desire to ensure every member of the community certain minimum standards and certain opportunities."[13]

3. "Social policy is not essentially interested in economic relations but is very much concerned with the extent to which economic relations and aspirations should be allowed to dominate other aspects of life; more specifically that social policy addresses itself to a whole range of needs — material, cultural, emotional — outside the wide realm of satisfaction which can conveniently be left to the market."[14]

4. Social policy "...is a collective term for the public provisions through which we attack insecurity and correct the debilitating tendencies of our 'capitalist' inheritance."[15]

5. "Social policy is not a technical term with an exact meaning...it is taken to refer to the policy of governments with regard to action having a direct impact on the welfare of the citizens, by providing them with services or income. The central core consists, therefore, of social insurance, public (or national) assistance, the health and welfare services, housing policy."[16]

6. "The social services or social welfare, the labels we have long attached to describe certain areas of public intervention such as income maintenance and public health, are seen as the main ingredients of social policy. They are obvious, direct and measurable acts of government, undertaken for a variety of political reasons, to provide for a range of needs, material and social, and predominantly dependent needs, which the market does not or cannot satisfy for designated sections of the population."[17]

7. Social policy is "...the policy, legislation or regulations enacted by the federal, provincial and municipal governments for the provision of social programs."[18]

8. "Social policy is concerned with the public administration of welfare services, that is, the formulation, development and management of specific services of government at all levels, such as health, education, income maintenance, and welfare services. Social policy is formulated not only by government but also by institutions such as voluntary organizations, business, labour, industry, professional groups, public interest groups and churches. Furthermore, social policy is to be understood within the framework of societal ends and means, which are interdependent."[19]

9. Social policy is "...a system of interrelated, yet not necessarily logically consistent principles and courses of action, which shape the quality of life or level of well-being of members of society and determine the nature of all intrasocietal relationships among individuals, social sub-systems and society as a whole..."[20]

The definitions presented here vary to some extent from one to another, both in scope and substance, but they share some common elements. First, all the definitions are broad. This is because social policy is a broad area that is inextricably related to other areas of public policy:

> "The principal justification for a broad definition of social policy lies in the essential interaction among several modes of socio-economic intervention. For example, social welfare policies for the poor cannot be adequately explained without understanding and analyzing a number of related public policies concerning taxation, minimum wages, work incentive, full employment, opportunities for work, worker retraining policies and programs, regional disparities in income and work opportunities. Of course, not all public policies are actual social policies. Nevertheless, their social impact makes them constituents of national social policy."[21]

Second, the definitions are "cross-cultural" insofar as they are fundamentally concerned with addressing human needs and problems, regardless of the society in which a particular definition originates.

Third, these definitions reflect three primary objectives:

> "First, they aim to be beneficent — policy is directed to provide welfare for citizens. Second, they include economic as well as non-economic objectives; for example, minimum wages, minimum standards of income maintenance and so on. Thirdly, they involve some measure of progressive redistribution in command-over-resources from rich to poor."[22]

The definition of social policy selected for this paper was determined largely by the desire to choose one that is concise and best reflects the purposes, scope and characteristics of social policy in the Canadian context. The definition comes from Richard M. Titmuss:

> "The social services or social welfare, the labels we have long attached to describe certain areas of public intervention such as income maintenance and public health, are seen as the main ingredients of social policy. They are obvious, direct and measurable acts of government, undertaken for a variety of political reasons, to provide for a range of needs, material and social, and predominantly dependent needs, which the market does not or cannot satisfy for designated sections of the population."[23]

An important corollary is excerpted from Canadian Professor Shankar Yelaja's definition of social policy:

> "Social policy is formulated not only by government but also by institutions such as voluntary organizations, business, labour, industry, professional groups, public interest groups and churches."[24]

Social policy in Canada is largely formulated and delivered by governments. However, numerous institutions outside of government are involved in social policy in two basic ways: they attempt to influence and shape the policy-making process, and they deliver certain social benefits, such as employer-sponsored pension plans and social services provided by churches, non-profit agencies and self-help groups.

In sum, several important points to bear in mind when defining social policy are:

1. Social policy is a subset of public policy. The purpose of social policy distinguishes it from other public policy areas.

2. Social policy is the deliberate intervention by various sectors of society in order to address human needs which are not adequately provided for by the private market.

3. Social policy involves some degree of redistribution of resources to disadvantaged citizens.

Before turning to the next section of the paper, it is important to note two trends that are influencing social policy in Canada and elsewhere — the links between social and economic policy and the concept of human development.

Social policy in Canada is increasingly viewed as interrelated with economic policy. There is growing recognition that social and economic policy are not isolated, but rather are interdependent and must become better integrated.

The cross-cultural concept of human development is a comprehensive idea, but it is essentially concerned with expanding the traditional notion of social policy and social development from one that focuses on narrow definitions of need and remedial approaches to social issues and problems.[25] Human development takes into consideration a particular society's stage of development and emphasizes such things as sustainable and equitable development, situating social policy within a society's long-term goals, encouraging and developing people's capacities and using them productively, and involving people in the development process.

End Notes

1. Boulding, 1967, p. 3.
2. Titmuss, in Abel-Smith and Titmuss, 1977, p. 16.
3. Boulding, 1967, p. 3.
4. Titmuss, in Abel-Smith and Titmuss, 1977, pp. 50-51 and 57-58.
5. Titmuss, in Abel-Smith and Titmuss, 1977, pp. 57-58.
6. Titmuss, in Abel-Smith and Titmuss, 1977, pp. 13-14.
7. Ibid, p. 27.
8. Titmuss, 1973, p. 223.
9. Titmuss, in Abel-Smith and Titmuss, 1977, p. 16.
10. Ibid, pp. 48-49.
11. Macbeath, in Abel-Smith and Titmuss, 1977, p. 28.
12. Hagenbuch, in Abel-Smith and Titmuss, 1977, p. 29.
13. Lafitte, in Yelaja, 1987, p. 2.
14. Beales, in Abel-Smith and Titmuss, 1977, p. 62.
15. Marhsall, in Abel-Smith and Titmuss, 1977, p. 30.
16. Titmuss, 1976, p. 188.
17. Dobell and Mansbridge, 1986, p. 1.
18. Yelaja, 1987, p. 2.
19. Gil, 1970, p. 413.
20. Yelaja, 1987, p. 3.
21. Titmuss, in Abel-Smith and Titmuss, 1977, p. 29.
22. Titmuss, 1976, p. 188.
23. Yelaja, 1987, p. 2.
24. This concept is discussed in the *Human Development Report 1992*, published for the United Nations Development Programme. New York and Oxford: Oxford University Press, 1992.

SECTION II: OBJECTIVES, PRINCIPLES AND VALUES UNDERLYING CANADA'S SOCIAL PROGRAMS

As noted earlier, social policy does not exist in a social vacuum. The events, ideologies and values which shaped Canada as a nation also shaped and continue to strongly influence its social programs. Before discussing Canada's social security system in the following section, we highlight the major objectives, principles and values underlying it.

Objectives

In 1973, National Health and Welfare published the *Working Paper on Social Security in Canada*, (popularly known as the Orange Paper). This landmark document launched the federal-provincial Social Security Review of 1973-76. The Review was Canada's most comprehensive and concerted attempt since World War Two to reform its social programs. The Orange Paper outlined the following objectives of Canada's social security system:

> "The central, though by no means the sole, objective of social security in Canada is an acceptable basic income for all Canadians. ...There are, of course, complementary objectives of the social security system: to provide universal access to such essential services as housing, hospital and medical care, legal aid and the rest; and to provide to individuals and to families the assistance they require to meet and to weather the emergencies of life — emergencies which are particularly difficult and intractable for people with limited resources. There is the broader social objective, too, of a decent quality of life for all, and, most important, individual self-fulfillment for each. But the starting point for all of this must certainly be an acceptable basic income. Without this, any person, any family, is seriously handicapped from the beginning."[1]

Some experts argue that the social security system has less altruistic objectives.[2] For example, "social welfare can be viewed as a means to obtain social control in a society of inequalities... Based upon a varying mixture of human sympathy for the unfortunate, and fear that they might seek radical social change, social welfare measures have been developed."[3] Nonetheless, "the objectives of social welfare were formed as moral reactions to aspects of the social condition..."[4]

Principles

The Principle of Less Eligibility

At the turn of the century in Canada, the amount and form of assistance provided to the poor was based on the principle of less eligibility.[5] The principle of less eligibility is inherited from the Elizabethan Poor Laws of seventeenth century England and asserts that the standard of living provided to the poor must be less than that provided by the lowest paying job. This is to discourage program abuse and long-term dependency.

The principle of less eligibility is an enduring feature of Canada's social security system. The 1973 Orange Paper stated that program recipients should have adequate, but not overly generous, benefits; a fair balance must be maintained among the incomes of the working poor, the incomes of people deemed "unemployable," and those who are unemployed but considered to be "employable."[6] As well, the sub-poverty-level benefit rates provided by certain social programs, particularly social assistance, indicate that the principle of less eligibility is alive and well in Canada.

Universality

Universality refers to the provision of social benefits to all people within a specified category, such as the elderly, families with children and persons in need of health care, regardless of their income. However, universal social programs do not normally provide the same amount of benefits to all recipients: because they are counted as taxable income, old age pensions and family allowances (the latter existed from 1945 through 1992) effectively gear the amount of benefits according to their recipients' income. Nonetheless, the distinguishing feature of universal social programs is that they provide benefits to all people in a particular category, regardless of income, whereas selective programs provide benefits only to people with incomes within a specified range.

As Banting notes, universality lies at the heart of the development of Canada's welfare state.[7] The development of the welfare state was in large part a reaction to the mass insecurity of the 1930s and consequently, "the original conception of the welfare state, which guided social activism during the middle decades of this century, was a vision of a set of universal social programs that would protect all citizens from the insecurities inherent in an industrial economy and, more generally, assist them in participating in modern society."[8]

But today, universality is the subject of great debate and its sacred status appears to be teetering. It is not possible to present the arguments for and against universality in detail here.[9]

In brief, the proponents of universality claim that the principle is politically popular, engenders widespread support for the social security system, promotes social integration

and unity, recognizes people's contributions to society whether or not they are poor or in need (such as when raising children or retiring after a lifetime of paid employment), ensures program quality on the grounds that benefits limited to the poor risk becoming poor and stigmatizing programs, and serves as an economic stimulus.

Those opting for greater selectivity argue that selective programs — i.e., those geared normally to lower-income persons — are more efficient and cost-effective and ensure that assistance reaches persons below set levels of income.[10] In other words, upper-income Canadians do not need financial assistance from government; benefits should go to those most in need. The universality-selectivity debate becomes even more important during tough economic times when program demand escalates along with program costs and governments' deficits. Opponents argue that Canada can no longer afford social spending of the present magnitude and the money saved by cutting universal programs could either be used to help reduce the federal deficit or be redirected to other social programs.

The universality-selectivity debate may involve more heat than light. It may be that the principle of universality is sacred, rather than the programs themselves. Since the federal government imposed a clawback on Old Age Security in 1989 (which requires upper-income seniors to pay back all of their benefits) and eliminated Family Allowances in 1993, the only universal social programs left in Canada are medicare, Veterans' and Civilians' Disability Pensions, social insurance programs such as Unemployment Insurance, the Canada and Quebec Pension Plans and Workers' Compensation.

Shared Responsibility

This principle exemplifies the tension between the residual and institutional approaches to social policy (these two approaches are discussed in section III). Put another way, it represents the "social contract" between government and its citizens. Government has an avowed responsibility to ensure that citizens maintain a basic standard of living and receive assistance when needed. But Canadians must also be responsible and self-sufficient so as to provide for themselves and prepare as best they can for contingencies.

The principle of shared responsibility is a prominent feature of our social security system, both philosophically and practically speaking. Two of the values underlying the social security reform proposals put forth in the Orange Paper were independence and interdependence, which is another way of conceptualizing the principle of shared responsibility. Unemployment Insurance provides a minimum income for people who are unemployed, but recipients who are able to work are expected to actively look for work and to accept suitable employment as a condition of receiving benefits.

Values

As Armitage explains, social welfare measures can be viewed "...as an organized attempt to put humanistic values of the society into effect."[11] Social security systems in Canada and other Western industrialized countries are based on shared values which attempt to "counteract" the negative effects of a free market economy.[12]

Canada's social security system reflects these commonly held values:

Equity

Equity is a cornerstone of social security. It is important both as a general social goal to ensure that the fruits of economic growth are fairly distributed and also because it affects the design and impact of social programs.[13] As the Royal Commission on the Economic Union and Development Prospects for Canada stated in 1985:

> "A requisite in the design of any income security system is to ensure that the net effect of its programs is equitable. The net effect of the income security system on an individual or family results from the interaction of both tax and transfer programs. Equity in income security design has two aspects: horizontal equity, which involves applying the tax and transfer payment system differently to different individuals or families, according to the various needs created by their particular characteristics or situation and vertical equity, which involves treating individuals and families with different incomes, but otherwise similar characteristics or situations, in proportion to the differences in their incomes."[14]

Equality

Canada's institutions, of which social programs form a prominent part, exist to serve the best interests of all citizens equally: "...everyone should have access to the full range of benefits, services and regulatory activity of governments. Canadians also abhor discriminatory activity, at either the individual, enterprise or systems level, which adversely affects any individual or group."[15]

Concern for the Person

Canada is concerned about the well-being of its citizens. There are common human needs that Canadians should have fulfilled, such as a decent standard of living, basic rights and protections and opportunities for growth and development.[16]

Sharing

This value follows from concern for the person: "whether we are sharing risk or reward, adversity or wealth, we believe that it is our responsibility not merely to help ourselves,

but also to help those who, through disability or, perhaps, the hand of fate, cannot provide fully for themselves."[17]

Security

Security is paramount, particularly in today's changing and increasingly insecure world: "...we all require assurance that in the face of illness, loss of employment, family breakdown or the sometimes inexorable workings of a complex and dynamic economy, we will receive some protection. ...It seems unquestionable that we all value it and expect our governments to provide it."[18]

Social Integration and Social Cohesion

Human beings seek a sense of belonging, rather than isolation and alienation, be it to a family, neighbourhood, community or group. As Banting explains:

> "Every society is divided in one way or another, and social programs can be seen as an instrument for moderating the intensity of social divisions. ...Social integration in this country has tended to mean building common bonds among various territorial units, language groups and regional cultures. ...They represent one of the few spheres of shared experience for Canadians, an important aspect of our lives that is common..."[19]

However, social integration and cohesion do not imply a loss of cultural identity and diversity in a multicultural nation such as Canada.

Work

Work is an expression "...of being productive and useful to society. Work is more than having a job; it is an integral part of a person's self and social being. ...Unemployment and underemployment represent a terrible waste, both in economic and human terms..."[20]

Opportunity

Opportunity is part and parcel of work as a social value:

> "...opportunity is tied to labour force participation; for most of us, a job represents our avenue of upward mobility and is often an essential element of our sense of self-identity. We therefore want our human resource programs to be structured in such a way as to help us to find opportunities, to take advantage of them when they come, and to gain some economic headway when we do so."[21]

Opportunities for social integration and participation in community life are equally important.

Self-sufficiency

Independence or self-dependence is a pre-eminent value in Canadian society. To the extent that they are able, people are expected to meet their own needs through their own efforts and they expect others to do the same.[22]

Faith in Democracy

When people participate in the political process through such means as elections and voting, advocacy and volunteering, they demonstrate their faith in existing institutions and their commitment to democracy.[23]

When these values are translated from "vision to reality" in social policies and programs they can become contentious.[24] Certainly Canada's social security system should strive to achieve and uphold these values, but it does not and cannot possibly fulfil all of them to the same extent. For example:

> "The values of equality and equity conflict with the propensity of Western societies to create and maintain inequality through such mechanisms as inheritance, private ownership, and the resolution of scarcity through competitive bidding. The values of community conflict with the propensity to disrupt communities as part of the cost of industrial development and urbanization. The values of concern for the individual and faith in man conflict with the well established tendency of modern industrial society to reduce man to a component in a machine."[25]

Now that the objectives, principles and values underlying Canada's social security system have been presented, we will discuss the system itself.

End Notes

1. Lalonde, 1973, p. 4.

2. See, for example,

   Esping-Andersen, Gosta. *The Three Worlds of Welfare Capitalism.* Princeton, New Jersey: Princeton University Press, 1990. See in particular chapter 3, "The Welfare State as a System of Stratification," pp. 55-78.

   Piven, Frances Fox, and Cloward, Richard A. *Regulating the Poor: The Functions of Public Welfare.* Toronto: Random House, 1971.

   Djao, A.W. *Inequality and Social Policy. The Sociology of Welfare.* Toronto: John Wiley and Sons Canada Ltd., 1983.

3. Armitage, 1975, pp. 1 and 5.

4. Ibid., p. 197.

5. Guest, 1980, p. 36.

6. Lalonde, 1973, p. 17.

7. Banting, 1987, p. 148.

8. Ibid., p. 148.

9. For more on universality see the following sources:

   Banting, Keith. "Visions of the Welfare State." In Shirley B. Seward (ed.). *The Future of the Social Welfare Systems in Canada and the United Kingdom.* Halifax, Nova Scotia: The Institute for Research on Public Policy, 1987, pp. 147-163.

   Battle, Ken. "Limits of Social Policy." In Jean Chrétien (ed.). *Finding Common Ground.* Hull, Quebec: Voyageur Publishing, 1992, pp. 145-168.

   National Council of Welfare. *Family Allowances for All?* Ottawa, Ontario: The Council, March 1983.

10. Courchene, 1987, p. 24.

11. Armitage, 1975, p. 1.

12. Ibid., pp. 7 and 197.

13. Seward and Iacobacci, 1987, p. 4.

14. Royal Commission on the Economic Union and Development Prospects for Canada, 1985, pp. 774-775.

15. Canadian Council on Social Development, 1986, p. 8.

16. Ibid., p. 8.

17. Royal Commission on the Economic Union and Development Prospects for Canada, 1985, p. 538.

18. Ibid, p. 537.

19. Banting, in Seward, 1987, pp. 150-151.

20. Canadian Council on Social Development, 1986, p. 8.

21. Royal Commission on the Economic Union and Development Prospects for Canada, 1985, p. 537.

22. Lalonde, 1973, p. 4.

23. Canadian Council on Social Development, 1986, p. 8.

24. Armitage, 1975, p. 13.

25. Ibid., p. 13.

SECTION III: CANADA'S SOCIAL SECURITY SYSTEM

Themes Influencing the Development of our Social Security System

Canadian Professor Dennis Guest, author of the standard history of Canadian social policy, identifies five themes which influenced the development of Canada's social security system: the shift from a residual to an institutional concept of social welfare, the social minimum, redefining the causes of poverty and dependency, the growth of participatory citizenship, and the influence of the B.N.A. Act.[1]

The Shift From a Residual to an Institutional Concept of Social Welfare[2]

Prior to 1940, the residual approach to social welfare predominated in Canada. In the nineteenth and well into the twentieth century, economic survival was largely a private matter. Individuals and families had to rely on each other and the private market to help in times of hardship and need. Only when these sources of assistance failed to provide would stringent levels of public aid be available (usually from a local social welfare agency) until individual initiative was regained.

Receipt of public assistance depended on proving that other means of support had been exhausted and assistance was granted on a discretionary, emergency or temporary basis so as not to encourage long-term dependence and, ultimately, a weakening of the economy. Public relief was a dehumanizing experience and regarded as a sign of personal failure.

This method of public assistance is known as a "residual" approach to social policy and reflects the belief that self-reliance reigns supreme in a free enterprise society. The private market is supposed to take care of those who work hard and save for a rainy day. Hardship and personal suffering are viewed as punishment for those who are lazy and irresponsible. To the residualist way of thinking, government has no place intruding into people's lives — the less government the better. There was little if any understanding or acceptance of the fact that tough times can result from factors beyond the individual's control.

The residual approach to social welfare predominated in Canada until the 1940s. As Guest explains:

> "The war years of 1939 to 1945 stand out as a clear divisional period in the history of Canadian social security. The socio-economic consequences of the war, coupled with the depression which preceded it, breached once and for all a number of barriers which had impeded social security developments up to that

time. The war mobilized Canadian personnel at every level and stimulated sentiments and demands about the peace to follow. Under the stress of the war, and the vision of peace to follow, the bases for planning were sharply altered: social security programmes, from this point on, reflected some new realities and introduced concepts and policies radically different from those existing in the prewar years. This is not to say that antagonistic value systems and deeply held prejudices concerning the nature of poverty did not continue to play a significant role in shaping events after World War Two. But they were opposing views now, not a general consensus."[3]

Thus, by the end of World War Two, the residual approach was replaced by the institutional approach, which reflects the belief that social security measures must play a larger part in protecting people against the risks inherent in modern industrial life. Individuals and families are still expected to care for themselves and, in fact, social programs are believed to strengthen and support individual responsibility for well-being, but society is obliged to ensure that its citizens are protected. Threats to individual and family well-being exist because of the nature of society and not just because of individual flaws or failings. In short, the costs of progress should not be borne by individuals and families alone; there is a social obligation to protect and compensate them.

However, people seeking public aid must still prove that their requests are legitimate, and long-term dependence must still be discouraged. But once a claim to assistance has been established, help must be provided as a right and in a less discretionary and stigmatizing way. Perhaps most importantly, the poor and needy are not to be blamed for their situation.

Under the institutional approach, social programs modify and to some extent offset the functioning of the private market. In an attempt to better meet human needs, social programs have significantly altered and expanded the criteria and mechanisms whereby income, goods and services are distributed. The institutional concept of social policy enabled the development of Canada's comprehensive social security system.

The residual and institutional models represent two philosophies or models of social policy. In reality, Canada's social security system exhibits the characteristics of both approaches and both continue to influence social policy. Indeed, the history of Canadian social policy — and the current and emerging debates and challenges (discussed in Section V) — to a large extent illustrates the continual conflict between the residual and institutional models of social policy.

The Social Minimum

The concept of a social minimum holds that there is a certain minimum of living conditions which are required in order to ensure a basic quality of life. According to

Guest:

> "The roots of the concept of a social minimum lie in the first British minimum wage laws, the early Factory Acts, the concern about child labour, the Poor Law Commission of 1909 in the United Kingdom, and the surveys of poverty and the conditions of labour in London, New York, Pittsburgh, Chicago, and elsewhere at the turn of the century. The development of a 'social minimum' in health, housing, education, and social welfare generally arises from a mixture of motives. Altruism, the belief in the perfectibility of man, and the pursuit of social justice all play their part. But support comes as well from those concerned about property rights, public order, and the well-being of the elite and powerful."[4]

Spurred on by the Canadian labour movement, efforts to establish a social minimum began in the late nineteenth century as more and more people bore the brunt of industrialization and rapid social change.[5] Today, few people would disagree with the need for a social minimum.

However, it is virtually impossible to determine and agree on what constitutes an appropriate social minimum and how it will be guaranteed. In Canada, well-being is a relative and subjective, rather than an absolute and fixed, concept.

Defining and Redefining the Causes of Poverty and Dependency

The purported causes of poverty and dependency in Canada differ under the residual and institutional approaches to social policy. In its early years and under the residual philosophy, Canada was seen as a land of opportunity for people who worked hard. Poverty was not considered to be a problem worthy of public intervention, documentation or concern. Any unavoidable poverty could be handled through private means and charity; comprehensive social welfare measures were viewed as unnecessary.

However, as society changed and the country was devastated by the Great Depression of the 1930s, it became impossible to hide the widespread extent of poverty in Canada. Consequently, the causes of poverty were redefined, stereotypes of the poor were disputed and collective voices demanded public action.[6] Measuring, defining and documenting poverty, studying its causes and effects and developing approaches to addressing poverty and dependency remains the subject of great debate and continues to constitute one of Canada's most enduring and important social policy issues.[7]

The Growth of Participatory Citizenship[8]

This most recent theme in Canada's social security history began in the late 1960s, an era that witnessed the growth in citizen participation (in fact, during the 1968 federal election campaign, Pierre Trudeau espoused the theme of participatory democracy):

> "The late 1960s and early 1970s saw feverish approaches to citizen involvement on at least three levels. First, advisory committees were struck by the Federal Government, in areas such as women's issues, welfare and consumer issues. Citizens were actively recruited and given a voice on these bodies. Second, ways were sought for government bureaucracies to increase their accessibility to the community. Funding bodies provided grants that supported the strengthening of people's voices at local and regional levels, for example through welfare rights organizations and local community participation. Lastly, new programs, such as the Company of Young Canadians, were implemented to encourage citizen development and enhance the probability of participation. ...In the 1970s, newly elected governments in Quebec and British Columbia made bold moves to provide for citizen involvement in managing social service and health programs."[9]

The growth of citizen participation stemmed in large part from greater public awareness of and proprietary interest in social programs. As Canada's social security system expanded and greater numbers of people were able to avail themselves of social programs, access to social benefits came to be regarded as a right based on such factors as need, age and citizenship.

Participatory citizenship is now ensconced in the social policy-making process in Canada. It is well-evidenced today by the varied and creative ways that individuals, organizations and communities express their interest in and concern about social issues and programs (e.g., coalitions, letter-writing campaigns, appearances before government committees, and so on). Citizen participation is an essential ingredient in Canada's democracy.

The Influence of the British North America Act[10]

When Canada was founded in 1867, the British North America Act (B.N.A. Act) set forth the division of powers of the two senior levels of government. The division of powers was the product of another time and a very different country.

When the B.N.A. Act was drafted, the intent was to ensure that the federal government would be the most powerful level of government. The federal government was assigned all the areas that were considered significant at that time (along with the most important sources of taxation) which included, among other areas, defence, criminal law, regulation of trade and commerce, banking, currency, and immigration. The federal government was also given responsibility for war veterans and Indians.

The provinces were given relatively minor responsibilities (and minor sources of taxation), including the power to create legislation concerning the administration of justice and municipal institutions and the establishment and maintenance of prisons, hospitals, asylums and charitable institutions.[11] The provinces, in turn, can delegate social welfare responsibilities to municipalities. As well, municipalities are free to

develop their own programs to meet local needs, although this was not mandated in the B.N.A. Act.

Interestingly, the B.N.A. Act omitted specific reference to social welfare when setting out the division of powers because at that time it was considered to be of minor governmental concern. However, the Act was interpreted to mean that the provinces would be responsible for social welfare matters. Yet even then, the B.N.A. Act did not require that provinces provide for social welfare concerns; it simply permitted them to do so if they were so inclined.[12]

Although social welfare matters were a provincial responsibility, the widespread insecurity in the early decades of the twentieth century meant that the provinces could not afford to provide adequate comprehensive assistance. This opened the door for a greater federal role in social policy. (The "intrusion" of the federal government into provincial jurisdiction was by no means a welcome or smooth transition and continues to characterize the uneasy relationship between the two levels of government.)

Today, while the provinces maintain primary responsibility for social policy, the federal government not only shares in the costs of provincial social programs and services (primarily health, post-secondary education and welfare), but it also delivers major social programs of its own — Old Age Security, Unemployment Insurance, the Canada Pension Plan and the Child Tax Benefit, to name a few.

Not only is a federal role in social policy necessary from a fiscal standpoint, it is also desirable for other reasons. In recent history, the federal government laid out the reasons justifying its greater role in social security while preparing for the 1968 Constitutional Conference:[13] the federal government can redistribute income nationally in order to benefit the poorer provinces; it can help promote national unity; develop and apply national standards in social programs to help ensure interprovincial equity and equality; and help stabilize the economy since federal cash transfers to individuals and provinces stimulate the demand for goods and services.[14]

The Development of Canada's Social Security System[15]

Social programs are now such an integral part of the Canadian social fabric that most of us take them for granted. But there was a time in our history when this was not the case. Canada in the nineteenth century was primarily an agrarian society. Although Canada had a developing cash economy, many people still obtained basic necessities from the family farm, bartering and borrowing. Social welfare was a private responsibility and assistance depended largely on the goodwill and charity of neighbours, churches and communities. The public relief provided by municipalities was rudimentary; it was available only as a last resort to those deemed deserving and was often delivered in a discretionary and stigmatizing fashion.

The first half of the twentieth century brought profound changes in Canada's economy and society. The transition to a more mobile and urbanized society, the mass unemployment and economic catastrophe of the Great Depression, and the transformation to a modern industrial economy during World War Two, changed the country's economic and social structure and in turn, disrupted people's lives and threatened their self-sufficiency on a scale never experienced before.

The traditional forms of assistance became increasingly inadequate and governments, willingly or unwillingly, had to intervene and implement a more comprehensive system of public support to help ensure Canadians' economic security. Publicly funded income security initiatives gradually replaced private charity, and social services and public health insurance strengthened the social safety net.

The 1950s and 1960s was the era of expansion and consolidation of Canada's social programs. Cooperative federalism, a prosperous and growing economy and rising public expectations meant that the system could grow at virtually no political cost.[16]

Since the mid-1970s, a precarious economic climate, burgeoning government deficits and rising social expenditures have constrained and challenged the continuing growth and development of Canada's social security system.

The 1990s promises to be a "decade of reformulation" during which social programs will be further questioned, restrained and changed. A rethinking of the role of social policy, in fact a questioning of the very nature and purpose of Canada's welfare state, is well underway. Only one thing is certain: by the turn of the century, Canada's social security system may well be much different than it is today. (This will be discussed further in Section V.)

The Current Social Security System[17]

Canada has developed an impressive network of social programs designed to address the needs of various and diverse groups of people, such as those who are unemployed or working poor, homeless, sick, injured or disabled, raising children, war veterans, or elderly. Every Canadian benefits from social programs at some point in his or her life. (See Appendix A for an overview of Canada's major social programs.)

Canada's social security system is vast and complex. It was erected over several decades. Since 1945, social security developments have occurred in a largely piecemeal manner, rather than through integrated and systematic planning.[18] Consequently, some programs are cumbersome to administer while others have overlapping and even contradictory purposes. Many social programs are difficult, if not virtually impossible, for all but a handful of experts to comprehend; some are controversial. Information on social programs and services can be difficult to obtain. Recipients of social programs sometimes find the experience to be frustrating and even intimidating.

The substance and sweep of Canada's social security system — its design, delivery and effects — are important issues, but cannot be elaborated here.[19] However, we present below a table that highlights the major federal and provincial programs (it does not include every single social program). As the table illustrates, Canada has a wide array of social programs that assist different groups of people in different situations.

Table 1
Canada's Major Social Programs[20]

FINANCIAL ASSISTANCE PROGRAMS

Purpose: To support, supplement or stabilize income.

RETIREMENT INCOME PROGRAMS

Jurisdiction	Program	Purpose
Federal	Old Age Security	to help people aged 65 and over maintain a basic standard of living.
Federal	Guaranteed Income Supplement	to help low-income pensioners aged 65 and over who have little or no income other than Old Age Security.
Federal	Spouse's Allowance	to help low-income widow(er)s aged 60 to 64 and 60 to 64 year-old spouses of couples who live on the Old Age Security pension of only one spouse.
Federal	Canada Pension Plan	to assist workers in the paid labour force and their families upon contributors' retirement, disability or death. The Canada Pension Plan provides a retirement benefit, a disability benefit, a surviving spouse's benefit, a disabled contributor's child benefit, an orphan's benefit, a death benefit and combined benefits.
Federal	Age Credit	to reduce federal and provincial income taxes of taxpayers aged 65 and over.
Provincial/ Territorial	Income Supplement Programs	to help low-income elderly residents.
Provincial	Taxation and Shelter Assistance Programs	to help elderly and near-elderly residents meet the cost of property and school taxes and rental costs.

Public and Private Sector Employers	Occupational Pension Plans	to replace a portion of employment earnings upon retirement.
Private	Registered Retirement Savings Plans	to replace a portion of income upon retirement.

CHILD BENEFIT PROGRAMS

Jurisdiction	Program	Purpose
Federal	Child Tax Benefit	to assist parents with the costs of raising children.
Federal	Child Care Expense Deduction	to assist parents with the costs of child care provided by others, e.g., day care centres and nannies.
Federal	Equivalent-to-Married Tax Credit	to assist single-parents with the costs of raising children.

LABOUR MARKET PROGRAMS

Jurisdiction	Program	Purpose
Federal	Unemployment Insurance	to provide income protection to workers experiencing a temporary interruption of earnings due to unemployment or illness.
Provincial	Workers' Compensation	to provide income protection to workers and their dependants when they are unable to work due to occupational injury, disability or disease.
Provincial	Income Supplementation for the Working Poor:	
Quebec	Parental Wage Assistance Program	to assist low-income working families with dependant children.
Manitoba	Child Related Income Support Program	to assist low-income working families with dependant children.
Saskatchewan	Family Income Plan	to assist low-income working families with dependant children.

HEALTH CARE

Jurisdiction	Program	Purpose
Provincial	Insured Health Care Services	to ensure that all residents of Canada are able to obtain essential health care services.
Provincial	Extended Health Care Services	to help provinces and territories cover the costs of providing nursing home care, adult residential care, home care services and ambulatory health care.

TAX PROVISIONS FOR PERSONS WITH DISABILITIES

Jurisdiction	Program	Purpose
Federal	Disability Tax Credit	to reduce the federal and provincial taxes of taxpayers with a severe physical or mental disability that markedly restricts their daily activities and has lasted or is expected to last for a continuous period of at least 12 months.
Federal	Tax Deduction for Part-Time Attendant Care	to reduce the cost of care provided by a part-time attendant who is an unrelated adult to persons with disabilities who are in the paid labour force and have a severe and prolonged impairment.

VETERANS PROGRAMS

Jurisdiction	Program	Purpose
Federal	Veterans' and Civilians' Disability Pensions	to assist persons (and their dependants) suffering from disabilities related to military service.
Federal	War Veterans' and Civilian War Allowances	to assist male veterans and civilians aged 60 and over and female veterans aged 55 and over (and their dependants) who, because of age or incapacity, are unable to work and have insufficient income to meet basic requirements.

OTHER SOCIAL PROGRAMS

Jurisdiction	Program	Purpose
Provincial	Social Assistance	to provide income and benefits to help meet the basic requirements of individuals and families without other means of support and who do not have enough money to provide adequately for themselves.
Federal	Goods and Services Tax Credit	to partially offset the Goods and Services Tax on lower-income people.
Provincial	Taxation and Shelter Assistance Programs	to assist low-income families and individuals meet the costs of property and school taxes and rental costs.

SOCIAL SERVICES[21]

Purpose: To provide people with goods and services to meet basic human needs and to encourage well-being by helping Canadians resolve problems encountered in daily living.

Service	Purpose
Information and Referral	to provide people with information about social services and help them obtain such services.
Crisis intervention	to provide immediate and short-term assistance to people in distress due to emergencies, such as family violence.
Family planning	to provide information and counselling related to sex education, fertility and reproduction.
Children's services and Children's Aid Societies	to provide help to, or on behalf of, children who are at risk of being neglected, require protection or need residential services.
Rehabilitation	to provide people with disabilities with opportunities to work and participate in activities of daily living.
Transportation	to help people with disabilities become mobile.

Social integration	to help people who are socially isolated form relationships with others and to participate in group or community activities.
Day care	to help adults living at home by providing assorted activities, medical and personal care outside the home for all or part of the day.
Home support and meals	to help individuals and families in their own homes by assisting with the activities of daily living, household management, or care of dependant family members. Meal services provide nutritious meals to the elderly living in their own homes.
Counselling	to help maintain, improve or restore personal or social functioning. Services include, for example, personal, marital or family counselling; debt, credit or budget counselling; and nutritional and household management counselling.
Employment	to help prepare people for employment, especially those experiencing unusual difficult finding or keeping a job. Services include vocational assessment and counselling, academic upgrading, vocational training, and life skills development; personal and family counselling; job searches and placement; and follow-up or support services once people are employed.
Community development	to help improve the social and socio-economic conditions of communities.
Health, recreation and culture	to enable people to improve their health and to pursue leisure and physical fitness activities.
Legal aid	to help people with legal matters when they cannot afford a lawyer.
Child care	to provide care for all or part of the day to preschool and school-aged children whose parents require assistance, primarily because they are employed outside the home.

Social housing	to help families and individuals who cannot obtain affordable, suitable and physically adequate shelter in the private market.
Other general services	to help meet the needs of specific groups, such as young offenders, victims of crime and substance abusers.

With this overview in mind, we now discuss some key features and characteristics of Canada's social programs.

Canada's social security system consists of programs that provide financial assistance ("cash transfer" programs) or "income in kind," commonly known as social services. Cash transfer programs are intended to either support, supplement or stabilize income.

A minimum level of support is provided to Canadians who do not have regular earnings or other private income. Income supplements are intended to raise the income of those engaged in either intermittent or low-paying employment. Income stabilization is designed to protect people experiencing unemployment, sickness, maternity and child raising, accidents, disability and retirement. These events interrupt earnings and reduce real purchasing power.[22]

Cash transfers are delivered either directly (usually in the form of a monthly cheque as is the case with Old Age Security and welfare) or through the personal income tax system. Tax-delivered social programs are collectively referred to as tax expenditures and consist of tax credits, exemptions and deductions.

Refundable tax credits, such as the Goods and Services Tax Credit, are geared to low and moderate-income Canadians. Refundable credits either reduce income taxes for people with incomes high enough to owe tax, or are paid in the form of a cheque to people whose incomes are so low that they do not owe income tax. Non-refundable tax credits, such as the Age Credit, are subtracted from federal and provincial income tax owing and benefit only people whose incomes are high enough to pay taxes.

Tax exemptions and deductions reduce the amount of income subject to tax and therefore lower federal and provincial income taxes. They are regressive: income tax savings rise as income does, thus favouring higher-income Canadians. Tax credits also reduce the amount of income tax payable, but they are progressive because they provide the same amount of tax savings at all income levels, which means that they are worth more in relative terms to low and moderate-income Canadians.

Income-in-kind programs provide people with goods and services that they cannot afford or which are not supplied through the market economy. Social services, to name but a few, include child care services, shelters for the homeless and victims of family

violence, meals-on-wheels for the elderly, counselling for people experiencing personal problems (e.g., marital conflict or substance abuse), family planning, employment services, recreation, legal aid and social housing.

Social services are provided and funded by three different sectors: the public sector (government), the private for-profit or commercial sector, and the private non-profit sector. (The non-profit sector is commonly referred to as the voluntary sector and operates largely through individual and corporate donations and United Way funds, sometimes supplemented to some extent by government funding.)

Some social services are available free of charge, but others may require users to pay for them. For services such as child care or housing, recipients may pay a full or partial fee, depending on their income. When users cannot afford to pay even a partial fee, government may pay the full amount. These subsidies are very important; without them, many low-income individuals and families would be unable to obtain important social services. And even when subsidies are available, demand often exceeds availability, as is the case with subsidized child care spaces.

The availability of social services varies both within and between provinces. Rural areas have fewer services than do metropolitan areas and poorer provinces cannot afford the services that wealthier provinces can.

Although social programs are widely available to help Canadians in need, people rarely have an automatic right to assistance; rather, they must apply for and qualify for help. Since social programs are designed to serve different groups of people, programs develop their own rules for determining eligibility, benefit rates and when and if benefits are adjusted.

One of the major determinants of whether or not assistance will be provided is the amount of an applicant's income. Social programs use one of four financial eligibility criteria to determine who qualifies for assistance: universality, social insurance, income-testing or needs-testing.

Universal programs make payments to all people within a specified category, such as the elderly, regardless of their income. Old Age Security is still considered a universal program (although in reality it is not universal because of the clawback mentioned earlier). The Veterans' and Civilians' Disability Pensions program (for people disabled during military or war service) is universal, as is medicare since it is available to all Canadians without regard to income.

Social insurance programs provide benefits to workers in the paid labour force who become unemployed, suffer a work-related injury or disability, or retire. Social insurance programs are financed by contributions from employees, employers or both. The amount of benefits provided usually depends on the amount of the employee's

earnings. The Canada and Quebec Pension Plans, the federal Unemployment Insurance program and provincial Worker's Compensation programs are examples of social insurance programs.

Income-tested programs help individuals and families with incomes below specified levels. Benefits are usually based on such factors as family income and the ages and number of dependants. War Veterans' and Civilian War Allowances, provincial income supplementation programs, the Goods and Services Tax Credit and the new Child Tax Benefit are income-tested programs.

Needs-tested programs provide assistance to individuals and families who are in need, regardless of cause. A detailed and intrusive needs test, which compares an applicant's budgetary requirements to his or her assets and income, is used to determine whether assistance is necessary. If expenses exceed income, assistance may be granted. Provincial social assistance (welfare) programs are needs-tested.

The amount of benefits available to program recipients is obviously very important. But equally important is a little known, but powerful component of benefit rates -- whether or not they are protected against inflation. For example, federal programs for the elderly (Old Age Security, the Guaranteed Income Supplement and the Spouse's Allowance) are fully indexed to the cost of living; the Goods and Services Tax Credit and the Child Tax Benefit are only partially indexed; and some programs, like the Child Care Expense Deduction and most social assistance programs, are not indexed.

The timing and amount whereby program benefits are adjusted is very important. Unless benefits are increased at least annually to keep pace with the increase in the cost of living, the value of recipients' benefits will decrease over time. For example, in 1993, a family on welfare with two children (one under and one over age seven) will receive $2,253 from the child tax benefit, but by the year 2000, inflation will have decreased its benefit to an estimated $1,862 (in constant 1993 dollars), which is $391 less than in 1993.[23]

Decisions to change social policies and programs are made largely by federal and provincial government officials (cabinets and senior civil servants). However, individuals, non-governmental organizations and special interest groups are demanding a voice in that process in order to ensure that social programs are fair, effective and available to everyone who needs assistance. (This issue is discussed further in Section IV, "The Social Policy-Making Process in Canada.")

Social Program Costs

Canada's social programs are costly, but this is not surprising given the massive size of the system and the millions of people who benefit from them each year. In 1989-90, national expenditures on social programs, including benefits delivered through the tax system, totalled an estimated $126 billion. While the lion's share ($104 billion or 82.5 per

cent of the total) was in the form of direct spending, a significant $22 billion or 17.5 per cent was paid out in the form of federal and provincial social tax expenditures.

The following tables provide an account of major social program expenditures for the 1989-90 fiscal year (the most recent year for which comprehensive social spending data are available) as well as social tax expenditures for the 1989 taxation year (the most recent data available).

Table 2

Total Direct Social Spending
All Levels of Government
1989-90 Fiscal Year

Program	Expenditure (in millions)
Family Allowance	$ 2,654
Old Age Security	11,804
Guaranteed Income Supplement and Spouse's Allowance	4,350
Veterans Programs	1,162
Canada Pension Plan	9,473
Quebec Pension Plan	2,946
Unemployment Insurance	11,818
Workers' Compensation	3,857
Social Assistance (CAP)	7,481
Social Services (CAP)	2,244
Registered Indians Social Assistance	321
Canadian Job Strategy	1,719
Public Health Care	41,249
Provincial Taxation, Shelter Assistance and Income Supplementation Programs	2,734
TOTAL:	$103,812

Source: Caledon Institute of Social Policy

Table 3

Total Tax-Delivered Social Spending, 1989

Program	Expenditure (in millions)
Registered Pension Plan deduction	5,603
Registered Retirement Savings Plan deduction	4,387
Child care expense deduction	411
Age credit	1,449
Married credit	1,628
Equivalent to married credit	822
Children's credit	597
Canada/Quebec Pension Plans contributions credit	1,054
Unemployment insurance premiums credit	992
Pension income credit	357
Disability credit	202
Medical expenses credit	233
Charitable donations credit	1,163
Treatment of alimony and maintenance payments	256
Tuition fee credit	194
Education credit	50
Education and tuition fees transferred	357
Refundable child tax credit	2,065
Refundable sales tax credit	585
TOTAL	$ 22,400

Source: Caledon Institute of Social Policy

An ongoing social policy debate revolves around the issue of social spending, specifically, whether or not it is too high. Critics calling for reduced federal social spending argue that social programs are a drag on the economy and that rising social spending is largely responsible for the sizable federal deficit which must be brought under control. The federal deficit began to increase significantly in the latter part of the 1970s and then skyrocketed in the early 1980s, peaking at $54 billion in 1984-85. While it fell to around $35 billion (in inflation-adjusted 1993 dollars) by 1987, the deficit has remained stuck at this level ever since (see Figure 1 in Appendix A). Critics contend that deficit financing is a growing burden on the public purse and the scope and level of social benefits must be severely restricted. As Wharf and Cossom note, "as the resources in the public purse have dwindled, so has the commitment to progressive social policies."[24] (This viewpoint is discussed further in Section V.)

Defenders of social spending recognize that the deficit is a concern that must be addressed, but contend that deficit hysteria and fiscal restraint is a smokescreen for an ideologically driven attack on social programs. They view social spending as an investment in human potential and as reflecting a caring society.

A study prepared for the 1991 Senate Committee's report on child poverty, illustrated the long-term costs of the elevated school drop-out rate of poor children — lower lifetime incomes and productivity, reduced public revenues and increased income security benefits, particularly Unemployment Insurance and social assistance — at an estimated total cost to society of approximately $33 billion.[25]

Moreover, during tough economic times when people are most in need, social programs should not be restrained. The present lingering recession and economic restructuring have left a trail of widespread unemployment and poverty and increased reliance on social programs.

Federal social spending has risen substantially in real terms throughout the 1980s and into the 1990s (see Figure 2 in Appendix A). Furthermore, social spending has increased as a share of total federal budgetary spending; it is projected to be 57 per cent in 1993-94 (see Figure 3 in Appendix A).

However, federal social spending should be put in perspective. As a percentage of the Gross Domestic Product, total federal social spending is projected to be just 12.7 per cent in 1993-94 and has remained remarkably steady since the mid-1980s (see Figure 4 in Appendix A). And, although international social spending comparisons should be interpreted cautiously, Table 4 shows that compared to other OECD countries, Canada's social spending as a percentage of Gross Domestic Product was second lowest in 1990 (the United States was lowest).

Table 4

Government Social Spending
As a Percentage of Gross Domestic Product, 1990

OECD COUNTRY	PERCENTAGE OF GDP
Netherlands	29.1%
Belgium	24.8
France	23.5
Sweden	21.2
Norway	20.7
Denmark	20.5
Germany	19.3
Italy	18.9
Canada	12.8
United States	11.5

Source: This table is based on data from Howard Oxley and John P. Martin, "Controlling Government Spending and Deficits: Trends in the 1980s and Prospects for the 1990s." In *OECD Economic Studies*. Number 17, Autumn, 1991, pp. 145-189.

There is some confusion about the trend in federal social spending. Many people believe that it is decreasing when in fact it is increasing. This misunderstanding likely stems from the fact that many observers conclude that cuts to social programs mean that social spending has declined, which in fact is false. It is true that the federal Conservative government has reduced expenditures on selected social programs through mechanisms such as the clawback on Old Age Security and the partial indexation of child benefits.

The federal government has also restricted cash transfers to certain provincial programs, namely health care and post-secondary education and social assistance (the latter affecting only British Columbia, Alberta and Ontario).

But overall, federal social spending during the Conservative's tenure (excluding tax-delivered social programs for which data are not regularly available) increased substantially, from $76.3 billion (1993 constant dollars) in 1984-85, to a projected $90.9 billion in 1993-94 — a sizable 19 per cent real increase. In 1993-94, Old Age Security and

Unemployment Insurance are projected to be the most costly programs ($15.2 billion and $19.4 billion, respectively), reflecting the reality of an aging population and high unemployment rates resulting from the recession.

The social spending debate will remain at the top of the public policy agenda; it is an issue facing whichever political party forms the next federal government.

End Notes

1. Guest, 1980, pp. 1-8.

2. The development of the welfare state in Canada and elsewhere has been conceptualized in a number of different ways. The residual and institutional concepts of social security represent one such model. Dennis Guest selected this model to use in his book and it is based on the work of Harold L. Wilensky and Charles N. Lebeaux. For a discussion of the residual and institutional models, see Wilensky, Harold L., and Charles N. Lebeaux, *Industrial Society and Social Welfare*, N.Y.: Russell Sage Foundation, 1958.

   For other approaches to conceptualizing the development of the welfare state, see the following sources:

   Djao, A.W. *Inequality and Social Policy. The Sociology of Welfare.* Toronto, Ontario: John Wiley and Sons Canada Ltd. See in particular Part 1, "Ideology, Models, and Theories," 1983, pp. 3-45.

   Myrdal, Alva. *Nation and Family.* N.Y.: Harper, 1941.

   Esping-Andersen, Gosta. *The Three Worlds of Welfare Capitalism.* Princeton, New Jersey: Princeton University Press, 1990.

   Heclo, Hugh. "Toward a New Welfare State?" In Peter Flora and Arnold J. Heidenheimer (eds.). *The Development of Welfare States in Europe and America.* New Brunswick, New Jersey: Transaction Books, 1981.

   For an application of Heclo's conceptualization of the history of social security in Canada, see Dennis Guest, "Social Policy in Canada." *Social Policy and Administration*, Vol. 18, No. 2, Summer 1984, pp. 130-147.

3. Guest, 1980, p. x.

4. Ibid., p. 4. For more discussion of the motives behind the establishment of social minima, see Guest, 1980, pp. 25-27.

5. Ibid., p. 19.

6. Ibid., p. 4.

7. A current debate centres around the measurement and definition of poverty in Canada. The debate re-emerged in 1990 when Statistics Canada undertook a review of its Low Income Cut-Offs (LICOs), which are the unofficial, but most commonly used, poverty lines. The debate intensified in 1992 with the release of a book by Christopher Sarlo, an economics professor at Nipissing University in North Bay, Ontario. His book asserts that the number of poor people in Canada is exaggerated. It challenges the LICOs and offers an alternative approach to defining and measuring poverty in Canada. The June 1993 report of the House of Commons Sub-Committee on Poverty also addresses the issue of measuring and defining poverty in Canada, challenges the nature and extent of poverty and recommends a new poverty measure. For more information see the following sources:

   Statistics Canada, Analytical Studies Branch. *Statistics Canada's Low Income Cut-Offs. Methodological Concerns and Possibilities. A Discussion Paper.* Research Paper Series, January 1990.

   Sarlo, Christopher A. *Poverty in Canada.* Vancouver, B.C.: The Fraser Institute, 1992.

   House of Commons Sub-Committee on Poverty. *Towards 2000: Eliminating Child Poverty,* June 1993. Report of the Standing Committee on Health and Welfare, Social Affairs, Seniors and the Status of Women. Sub-Committee on Poverty, Barbara Greene, M.P., Chairperson.

8. For more information on citizen participation see, for example:

   Wharf, Brian, and John Cossom. "Citizen Participation and Social Welfare Policy." In Shankar A. Yelaja (ed.). *Canadian Social Policy,* Revised Edition. Waterloo, Ontario: Wilfrid Laurier University Press, 1987, pp. 266-287.

   Wharf, Brian. *Communities and Social Policy in Canada.* Toronto, Ontario: McClelland and Stewart Inc., 1992.

9. Wharf and Cossom, 1987, p. 269.

10. See Guest, 1980, pp. 5-8.

11. Guest, 1980, p. 6.

12. Djao, 1983, p. 104.

13. The principal reasons are stated in *Income Security and Social Services.* Ottawa, Ontario: Queen's Printer, 1969.

14. Armitage, 1975, pp. 58-59.

15. The information contained in the discussion of the development of Canada's social security system is based on the review of the literature. For more detailed discussions of the development and growth of Canada's social security system, see, for example:

Guest, Dennis. *The Emergence of Social Security in Canada.* Second Edition. Vancouver, B.C.: University of British Columbia Press, 1985.

Wallace, Elisabeth. "The Origin of the Social Welfare State in Canada, 1867-1900." *The Journal of the Canadian Political Science Association,* Vol. 16, No. 3, August 1950, pp. 383-393.

Johnson, A.W. "Social Policy in Canada: The Past as it Conditions the Present." In Shirley B. Seward (ed.). *The Future of Social Welfare Systems in Canada and the United Kingdom.* Halifax, N.S.: The Institute for Research on Public Policy, 1987, pp. 29-70.

Marsh, Leonard C. *Report on Social Security for Canada.* Reprint. Toronto, Ontario: University of Toronto Press, 1943.

16. Courchene, 1987, p. 7.

17. Unless otherwise noted, the information about Canada's current social security system comes from the following source:

Hess, Melanie. *The Canadian Fact Book on Income Security Programs.* Ottawa, Ontario: The Canadian Council on Social Development. See in particular Chapter 1, "Overview of Income Security Programs," 1992, pp. 1-10.

18. Guest, 1980, pp. 143-144.

19. For descriptions of Canada's current social security system, see the following sources:

Hess, Melanie. *The Canadian Fact Book on Income Security Programs.* Ottawa, Ontario: The Canadian Council on Social Development, 1992.

Health and Welfare Canada. *Inventory of Income Security Programs in Canada, July 1990.* Ottawa, Ontario: Ministry of Supply and Services Canada, 1991.

20. For a description of Canada's major income security programs, see Melanie Hess, *The Canadian Fact Book on Income Security Programs*. Ottawa, Ontario: The Canadian Council on Social Development, 1992.

21. This is not an exhaustive list of social services. The list is excerpted and abridged from:

    Hess, Melanie. *The Canadian Fact Book on Income Security Programs*. Ottawa, Ontario: The Canadian Council on Social Development, 1992, pp. 65-68.

22. Ross, in Yelaja, 1987, pp. 27-28.

23. Battle, 1992a, pp. 38-39.

24. Wharf and Cossom, 1987, p. 273.

25. See David P. Ross and Richard Shillington. "Child Poverty and Poor Educational Attainment: The Economic Costs and Implications for Society." Appendix I in *Children in Poverty: Toward a Better Future*. Report of the Standing Senate Committee on Social Affairs, Science and Technology, January 1991. Chairperson: Lorna Marsden.

SECTION IV: THE SOCIAL POLICY-MAKING PROCESS IN CANADA

If social policy-making in industrialized countries has one thing in common it is this: complexity. Policy-making involves several constantly changing variables that combine to produce policy inputs and outcomes. Changes in the global economy, prevailing public values, the ideological perspective of the political party in power, evolving institutional structures, and the relative powers of interest groups and organizations are just a few of the variables that must be considered when examining the social policy-making process.

In this section, we briefly examine the social policy-making process in Canada. We use the public policy framework developed by the noted Canadian political scientist, Richard Simeon.[1] His framework is comprised of five approaches to policy-making. In each approach a different variable predominates in the policy-making process. The five approaches focus on environmental factors; ideology; institutional structures; process; and power. Simeon argues that all of these approaches should be used together to come to a fuller understanding of policy-making:

> "Each seems to have some capacity to explain patterns of policy, but none alone provides a full understanding. In part, they are competing approaches; for example, one might have an environmental versus an ideological explanation. However, they are more usefully seen as complementary: each makes some contribution, and policy emerges from multiple causes."[2]

We have chosen this framework to discuss social policy-making in Canada because of its comprehensiveness; not only does it cover what we consider to be the most critical variables in the policy-making process, but it is flexible enough to accommodate recent advances in the policy-making literature. It also provides a method of organizing and conceptualizing the massive amount of information that is relevant to the complex social policy area. Simeon's framework can also inform the analysis of policy-making processes in other countries.

The Environment

The environmental approach to public policy-making argues that policies in any given country are the product of socio-economic factors, including demographics, income and education levels, geography and levels of industrialization and urbanization.[3]

One variant of this approach contends that the political system has little impact on policy. Another variant asserts that the political system is important, and that characteristics of this system, such as voter turnout, representation, the relative strength of right, centre, and left political parties, and the number of cabinet portfolios will alter the impact that socio-economic variables have on the policy-making process.[4]

Put simply, with this approach "..the policy process is conceptualized as a simple causal sequence in which environmental inputs (needs, demands, and resources) are linked to policy outputs either directly, or indirectly, through the intervening influence of political structures and processes."[5]

We cannot examine here the numerous environmental factors affecting Canadian social policy, but as we have noted repeatedly throughout this paper, demographic, social and economic changes are challenging and re-shaping our policies and programs.

An analysis of social policy-making logically begins with an examination of a society's environment. However, we emphasize that this is only the starting point in the study of the policy-making process. This environmental approach has been heavily criticized for stopping short of making linkages between the political environment and policy. It also fails to illuminate the process whereby socio-economic variables are translated into specific policies. Nor does it explain why and how the demands of some members of a society are heard, while others are not.[6]

Ideology[7]

As explained earlier, social policy is never value-neutral — behind it lie ideas and concepts that determine how social problems are defined and how the state should respond. Some of the values that shape policies are "procedural" and others "substantive" in nature.

Procedural values underlie questions regarding "the rules of the game." Who are considered legitimate players in the policy process? How should decisions regarding policies be made?[8] These sorts of questions are addressed differently throughout the world. For example, in some states in Europe, key economic and social policies are decided in a consultation and bargaining process between representatives of business, government, and labour. In other countries, including Canada, such an approach would probably be considered undemocratic.[9]

Substantive values refer to "the scope and purpose of government activity."[10] Should the government intervene in the economy? If so, how much? To what degree are governments responsible for the welfare of their citizens?

Procedural and substantive values flow from prevailing ideologies. Ideology can be broadly defined as "a world view or a frame of reference:"[11]

> "All people have relatively unconscious beliefs about the present nature of the world and hopes for it ... Such beliefs and hopes, when integrated into a more or less coherent picture of (1) how the present political, economic and political order operates, and (2) why this is so, and whether it is good or bad, and (3) what should be done about it, if anything, may be termed an ideology."[12]

Academic accounts of predominant ideologies in Canada are conflicting, but there is some agreement on the importance of residualism (characterized by individualism and freedom from the repressive — or redistributive — hand of government) and institutionalism (a combination of individualism and state intervention). These approaches, which were discussed in Section II, are the products of differing ideological perspectives. Both models have dominated Canadian social policy at different points in time and the current social security system reflects a mix of both models. This mix is often referred to as "shared responsibility." The balance between individual and state responsibility forms the boundaries of social policy-making in Canada.

Institutional Structures

In recent years, there has been a revived interest in the role that institutional structures play in the social policy process. Those who embrace institutional theory argue that an understanding of the formal institutions and processes is key to understanding social policy. Institutions are not considered neutral entities in the policy process, they "..take on a life of their own; as autonomous political actors, they promote certain ideologies and constrain the choices of individuals."[13] Institutional theory not only attempts to describe reality, but prescribes possible solutions to social problems, maintaining that many issues can be addressed through institutional reform.

In Canada, three institutions in particular influence social policy — federalism, parliamentary government and the Charter of Rights and Freedoms. We briefly examine each of these institutions below.

Federalism

The creation of the B.N.A. Act was driven by political and economic pressures.[14] One major impetus behind the Act was the determination to avoid "...the errors and excesses of the American federal system, particularly the emphasis on states' rights..."[15] Thus, the Act attempted to create a sense of overall unity while still allowing for provincial autonomy. As explained in Section II, the Act gave the federal government responsibility for what were then considered the most important government roles, leaving the provinces with control over "minor" areas, including health and welfare matters. However, as we know, these areas became more important over time. Keith Banting, Canada's leading scholar on the impact of federalism on social policy, has termed the complicated and anything but clear-cut division of powers over social policy the "bifurcated welfare state."[16]

Unequivocally, federalism has been a major influence in shaping Canada's welfare state. However, there is no unanimity regarding the impact of federalism on the welfare state. Some commentators contend that the complications inherent in divided jurisdiction and fragmented power hinder the development and expansion of social legislation.[17] Others assert that federalism allows for considerable provincial autonomy and regional variation in social programs and services to respond to diverse needs and also encourages the growth of innovative policies and programs.[18]

Parliamentary Government

The Westminster model of cabinet government places responsibility for governing in the hands of the Prime Minister and his or her cabinet. Cabinet is held accountable for the federal government's actions, with individual cabinet ministers taking responsibility for policy in their respective areas. The system requires cabinet solidarity and party cohesion on policy, and while this does allow majority governments to pass legislation quickly, it does not permit a wide range of opinion to emerge on policy issues.

Backbenchers have little influence and public dissent within the governing party is rare — so rare that when MPs air dissenting views publicly, they generally capture a great deal of media attention. But the media attention does not necessarily result in changes to policy. For example, a block of Quebec MPs, led by Conservative MP Jean-Pierre Blackburn, recently tried, in vain, to challenge the federal government's new legislation on Unemployment Insurance.

It is difficult for opposition parties to exert any considerable influence on government policy,[19] with the notable exception of periods of minority and coalition governments. Opposition parties are ineffectual partly due to ideological differences between them and also because of the single member plurality system which generally favours the largest party, or parties with a strong regional base.[20]

Parliamentary committees and other mechanisms, such as royal commissions, task forces and advisory councils, have potential for opening up and enhancing policy-making. However, while they allow for some informed consultation on social policy issues, their real effect on the policy-making process is questionable.[21]

The Charter of Rights and Freedoms

The Charter of Rights and Freedoms is a relatively new institution in Canadian social policy. Since it has only been in effect since 1982, its impact on social policy is still largely unknown, but it has the potential to have a significant effect. Some observers point to the Charter's potentially positive impact by giving citizens and groups unprecedented ability to challenge legislation and force policy makers to consider questions of rights when making and amending policy.

Others are more concerned about the potentially dangerous consequences of Charter challenges. When interpreting the complex and sometimes ambiguous sections of the Charter, the courts will inevitably play an increasing role in social policy, despite the fact that many people in Canada's judicial system have limited experience and understanding of social policy issues and the implications of their decisions on policies and programs. There have been legitimate questions raised about whether unelected, unaccountable judges should be allowed to make decisions that could have a profound effect on the policy process.[22] For years there has been heated debate in the United States about the implications of ideological appointments to the courts. The same concerns are just beginning to be voiced here, and this debate is a direct result of the expanded role of judges since the adoption of the Charter.

Several sections of the Charter are relevant to the social policy-making process. Section 7, which guarantees the "right to life, liberty and security of the person" has been used on numerous occasions to challenge legislation. Section 15 on equality rights has also been significant to the social policy area. This section states that all individuals are equal, with equal protection and benefit of the law without discrimination, "and in particular, without discrimination toward race, national or ethnic origin, colour, religion, sex, age or mental or physical disability." Subsection 2 of 15 protects the government's right to implement affirmative action programs. In addition to sections 7 and 15, section 28 guarantees the rights of women, and section 35 recognizes existing aboriginal and treaty rights.

Courchene suggests that the Charter will likely influence social policy in three areas: the definition of family status, age requirements and the definition of income.[23] A brief description of three key cases in the social policy area illustrates his point.

- The *Schacter* case challenged section 32 of the Unemployment Insurance Act on the grounds that it discriminated against natural parents. While adoptive parents were given 15 weeks of time off work, only natural mothers — not natural fathers — received Unemployment Insurance benefits after the birth of a child. The Act was found to violate section 15 (equality rights) of the Charter. This case is significant because the Supreme Court recommended that the federal government give enhanced benefits to those who suffered discrimination. While recognizing that Parliament could not be obliged to provide such benefits, "Parliament is obliged...by virtue of the section 15 violation... to equalize the provision of that benefit if it is to be provided at all."[24]

- In another challenge to the Unemployment Insurance Act, a sixty-five year old woman who was denied benefits because of her age successfully challenged the Act on the grounds that it violated her rights under section 15. In its decision, the Supreme Court acknowledged that by denying the woman benefits, the government was trying to balance interests in a complicated web of social programs, however "...it is doubtful that the objective of fitting the Act within the government's particular legislative scheme of social programs could, in itself, be sufficiently important to justify the infringement of a Charter right."[25]

- In the recent *Mossop* case, the Supreme Court was asked to redefine the traditional concept of a family, when a gay couple challenged a law that made it impossible for a man to claim bereavement benefits after he took time off to attend the funeral of his spouse's father. Although the Court ruled against the couple,[26] it should be noted that Charter issues were not brought up in the case, and that future cases which challenge laws on the grounds that they infringe the Charter rights of homosexuals may have a different outcome.

By giving citizens direct access to the social policy process, the Charter forces governments to consider equality issues when passing legislation. And by giving individual and groups explicit recognition, the Charter legitimizes their concerns. This, in turn, may help change perceptions about who can and should be able to participate in the social policy process. It has been argued that the closed-door process which led to the Meech Lake Accord was vociferously attacked because post-Charter Canada was no longer willing to accept the exclusion of citizens from such significant political decisions.[27]

Process

Three of the major theories of decision-making are presented below.

The Rational Model

The rational model of decision-making is a model that most citizens would want decision makers to follow. Those who espouse the rational model argue that decision makers follow a rational process when they make decisions on policy. This process includes the identification and clarification of a social problem; the identification and ranking of goals or objectives with respect to that problem; the development of various strategies which could achieve these goals and objectives; an examination of the possible consequences of each strategy; and finally, a decision on the policy that will best achieve government objectives.[28] This is, of course, an ideal model. Dissatisfaction with the idealized nature of this model for decision-making led to the development of Lindblom's incremental model.

The Incremental Model

The incremental model of decision-making is the polar opposite of the rational model. Lindblom argues that policy makers "muddle through" their policy areas, making incremental adjustments to existing policy.[29] The incremental adjustments are a function of pluralism -- with so many groups competing for decisions in a particular policy area, decision makers must move carefully and try to satisfy as many interests as possible. Many of the incrementalist theorists, including Lindblom, argue that their model not only describes reality, but that it is desirable that decisions be made in this way. By making very small, incremental adjustments to policy, policy makers slowly perfect a policy area while avoiding the potentially costly mistakes associated with great leaps in policy.

Critics argue that this model is too conservative, and that it does not adequately describe the policy process. While the model might be useful in describing day-to-day decision-making on policy details, it cannot account for sudden shifts in policy direction, or the introduction of major new programs.

The "Mixed-Scanning" Model

The "mixed-scanning" model, developed by Amitai Etzioni, attempts to bridge the gap between the rational and incremental models. Etzioni argues that fundamental decisions on policy are made in a rational manner. After a fundamental decision has been made, adjustments to policy are made incrementally. This allows decision makers to make informed decisions on major policy directions, without becoming bogged down in the details that make up the policy area.[30]

Decision-making models can be useful when studying the policy-making process in Canada. However, although they can help to clarify some of the detailed decision-making within the policy-making process, the models are of limited use without taking into consideration the variables emphasized in the other four approaches to policy-making -- the environment, ideology, institutional structures and power.

Power

Questions that lie at the heart of social policy-making, like who gets what and why, are key to theories that focus on power. Who exercises influence? Why do they exercise this influence and how is it translated into policies? There are a number of ways to approach the issue of power; only two will be briefly outlined here -- the Marxist and the pluralist approaches.[31]

Marxists contend that power relations in any society are a function of the class structure. Capitalists make up a power bloc, ensuring that the definition of the national interest coincides with the interests of capital. The state, whose relative autonomy allows it to help the bourgeoisie maintain its hegemonic position, reflects the power structure in society, creating an "unequal structure of representation."[32] Key organisms within the state serve the interests of the hegemonic class fraction. Social policies are seen as "legitimation" functions, designed to keep the masses compliant so that the position of the capitalist class is not threatened.

The pluralist approach argues that power relations in society are a result of the free competition between groups. Influence is dispersed between groups, and policy emerges after intense competition in the political arena. Pluralists believe that the structure of the state either: 1) reflects the plurality of groups in society; 2) keeps the plurality of interests in balance; or 3) is an extension of the plurality of interests in society.[33] For the pluralists, the advances that have been made in social policy are a result of the successful efforts of groups that fought for these changes.

Critics of the pluralist approach argue that the "free" competition is really not free at all.[34] Groups with few resources are often shut out of the political process altogether, and the agenda becomes dominated by groups who enjoy a great deal of power and influence.

The pros and cons of the Marxist and pluralist approaches will not be debated here. We simply present these approaches to underscore the importance of power — who has it and how it is used — in the social policy-making process. However, we would like to make two points about the concept of power addressed by both approaches.

Power is not simply a domination of access points to decision makers through the use of superior resources — those with real power also succeed in defining what the issues addressed by politics will be, and how these issues will be framed.[35]

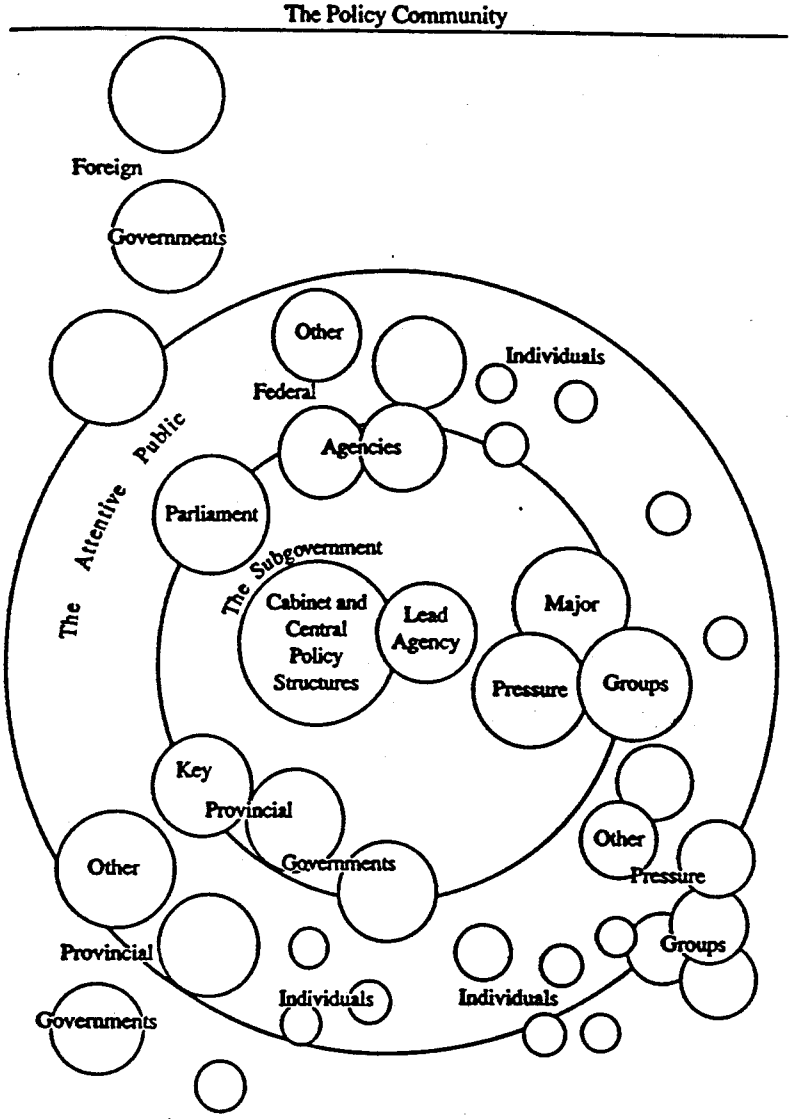
As well, when trying to determine who enjoys power and who does not, it is important to not only look at areas that are the subject of public debate, but to be aware of issues that are not a part of the debate. What issues are not considered sufficiently "important" to be discussed in the political arena, and why? An examination of questions that are shut out of the political process can reveal more about the relative power of actors than a study of issues that are constantly a part of political debate.

We now discuss some of the players and the relative powers of some of those involved in social policy-making in Canada.

The Concept of Policy Communities

Social policy-making cannot be understood without examining the relevant actors and their relative powers in the policy-making process. Actors who potentially influence policy-making are numerous, ranging from the mass media to interested individual citizens. At times, there are so many actors that determining where they fit in the policy process can be very difficult.

The concept of policy communities is a useful tool that allows us to illustrate the roles of players in the social policy-making process.[36]



Source: A. Paul Pross. "Pressure Groups: Talking Chameleons." In Michael S. Whittington and Glen Williams (eds.), Third Edition. *Canadian Politics in the 1990s*. Scarborough, Ontario: Nelson Canada, 1990, pp. 285-309.

Policy communities are defined as "part of a system that acquires a dominant voice in determining government decisions in a specific field of activity."[37] Theoretically, the core of the policy community is the "sub-government," consisting of governments, agencies and institutionalized interest groups who play a constant and active role in the social policy process. The "attentive public," consisting of small pressure groups with few resources, academics, and interested individuals, does not enjoy the same influence as those forming the sub-government, but they are an important part of the policy process because of what they contribute to policy discussion and debate.[38]

Since the late 1960s and early 1970s, there have been significant changes in the social policy-making community in Canada which have affected social policy.

The Changing Role of the Central Agencies and Line Departments

Canada's social security system was largely in place by the late 1960s. At that time, social policy-making was concentrated in the department of National Health and Welfare. Although the department had to develop alliances with key officials in the central agencies to ensure the success of policy initiatives,[39] the Department of Health and Welfare enjoyed considerable autonomy and policy capacity.

In the 1960s, Health and Welfare was staffed with officials "...who had a strong commitment to the advancement of social welfare...and who had been attracted to the federal public service in the expectation that they would have an opportunity to promote social welfare objectives in that setting..."[40] Many officials shared social work backgrounds.

The structure and composition of Health and Welfare was mirrored at the provincial level, where health and welfare departments were also staffed by persons who shared similar reformist values.[41] Dr. Joseph Willard, the Deputy Minister of Health and Welfare between 1960 and 1972, established close ties to provincial departments of welfare.[42] Many of the key officials who were involved in negotiations over the Canada Assistance Plan were on a first-name basis. The similar backgrounds and shared philosophies of officials was a great asset in intergovernmental negotiations over social programs.[43] Richard Splane, a Health and Welfare official at that time noted that "the impact on social welfare policy-making in Canada during the 1960s of these collegial relations is hard to estimate, but it was undoubtedly considerable."[44]

In the late 1960s, reforms gave more power to the central agencies, and began reducing the powers of the line departments, specifically Health and Welfare. Social policy-making increasingly involved a larger number of departments and officials with varying backgrounds and diverse institutional interests, and, consequently, the potential for conflict increased.[45]

Health and Welfare was the lead federal department in the Social Security Review of 1973-76, the most concerted and wide ranging effort in the post-war period to reform the major elements of the social security system. However, the Social Security Review produced little in the way of concrete actions, largely due to a downturn in the economy as a result of the worldwide oil crisis and the inability of the federal and provincial governments to agree on changes to social programs. The department's loss of power and prestige due to the failure of the Review became the Finance department's gain, with the final blow taking place when the Minister and Deputy Minister of Finance effectively scotched Health and Welfare's proposal for an income supplement program for Canada's working poor.

In 1979, the Clark government created the Ministry of State for Social Development (MSSD). Health and Welfare's role in the policy process was further diminished and MSSD became the lead department in social policy.[46] The creation of MSSD reflected the increasing influence of the central agencies and the goal of fiscal restraint[47] and deficit reduction. When MSSD was abolished in 1983, bureaucratic control over the social policy-making process did not revert back to the Department of Health and Welfare; the Department of Finance became the lead social policy department.

Today, the Finance department has become "the main de facto social policy maker."[48] Social policy changes are almost completely in the hands of the officials at Finance, whose job is to implement their minister's policy of fiscal restraint, a policy which has placed tremendous pressure on a variety of social programs. Health and Welfare continues to administer the bulk of federal social benefits, but its policy-making capacity has been diminished, leaving it with "..smaller, even symbolic social initiatives such as support for AIDS research, help for haemophiliacs, and other low-budget gestures of concern."[49]

Before turning to our discussion of the role of interest groups and social policy organizations in the policy-making process, it is important to note the recent action taken by Prime Minister Kim Campbell to reorganize the federal government.

A significant part of this reorganization involves merging the social and employment programs run by Health and Welfare and Employment and Immigration into a new Ministry of Human Resources and Labour. This puts in place the bureaucratic machinery to better integrate income security and employment programs in line with the emerging philosophy of "active social policy" which emphasizes the need to move people off public assistance into the labour force. The new "super Ministry" will have a budget of $69 billion and 27,000 employees. With this kind of power, Minister-designate Bernard Valcourt could reassert the dominant role that the old department of Health and Welfare used to play in social policy before the Department of Finance supplanted it in the 1980s.

Interest Groups and Social Policy Organizations

Until the late 1960s and early 1970s, there were few non-governmental organizations and interest groups that were able to influence Canadian social policy. As previously indicated, policy-making was concentrated in National Health and Welfare, and interest groups, which consisted primarily of advocacy groups for the blind and disabled, had few resources and limited access to decision makers.[50]

In the mid-1960s and early 1970s, social changes, in the form of an increased "rights consciousness"[51] and the rediscovery of inequality and poverty led to major government studies and commission reports.[52]

One of the results of this increased concern was more funding for existing groups and the establishment of new ones. The National Council of Welfare, a citizen's advisory body to the Minister of National Health and Welfare, was created in 1970. The National Anti-Poverty Organization (NAPO) was founded one year later, the first and only national organization providing significant representation of the poor (three-quarters of NAPO's board of directors have some direct experience with poverty). The major non-governmental social policy organization throughout most of this century, the Canadian Welfare Council, became the Canadian Council on Social Development (CCSD) in 1970.

Other groups became increasingly important actors in the social policy process through the 1970s and 1980s. Aboriginal organizations became active on the national and international fronts, drawing attention to the poor living conditions of Canada's Indigenous peoples.[53] Women's groups also became more visible and vocal. The National Action Committee on the Status of Women was created as a result of a recommendation by the Royal Commission on the Status of Women.[54] The Commission concluded that a permanent government-supported advocacy organization for women would be required to help bridge the gaps between the sexes in Canada.

Aboriginal and women's organizations successfully lobbied to have provisions dealing with sexual and Aboriginal rights reinstated in the Charter, after the sections had been dropped during a closed-door First Ministers' Conference.[55] Their inclusion in the Charter gave these groups constitutional identities, which in turn increased group consciousness and self-confidence among their members.[56]

In recent years, the women's movement, led by the National Action Committee on the Status of Women (NAC), has been largely responsible for bringing to light issues like women and poverty, family violence, as well as the need for child care, pensions for homemakers, and pay equity. Recently, NAC has helped to raise questions about why women who are persecuted in their own countries because of their gender cannot claim refugee status in Canada or other Western countries.

The defeat of the Meech Lake Accord in June 1990, and the crisis at Oka[57] later that summer forced Aboriginal issues to the top of the political agenda. After ignoring Aboriginal demands for years, Ottawa saw a major constitutional proposal rejected and faced international embarrassment as scenes from Oka were broadcast around the world. The incidents increased Canadian consciousness of Aboriginal issues and made it clear that the political cost of ignoring Aboriginal concerns in the future would be very high.

Seniors have also become active members of the social policy community. In 1985, protests by seniors and others forced the federal government to back down on its plan to partially deindex Old Age Security. The knockout blow to the government's plan came when a woman who was a member of the Ottawa Senior Citizens Association, confronted Brian Mulroney on the steps of the House of Commons and called him a liar

for abandoning his promise not to tamper with Old Age Security.[58] The exchange was broadcast across Canada.

Umbrella groups and coalitions have enhanced access to policy makers because they are able to negotiate on behalf of all of their members. Umbrella organizations are difficult to form in the social policy sector, because there are disagreements on appropriate policy responses in key social policy areas. Nevertheless, in recent years groups have periodically come together on major policy questions to form a united front.

In the late 1970s, the Canadian Health Coalition was formed after provinces began to allow extra billing. The Social Policy Reform Group (which no longer exists) was created in 1984 in response to the Conservative government's first policy statement. This group went on to lobby the federal government on social issues and consisted of the Canadian Council on Social Development, the National Anti-Poverty Organization, the National Council of Welfare, the National Action Committee on the Status of Women, the Canadian Advisory Council on the Status of Women (which later left the group and was replaced by the National Pensioners and Senior Citizens' Federation) and the Canadian Association of Social Workers.

During the 1988 election campaign, the Pro-Canada Network formed to fight free trade. The Network is composed of women's groups, church groups, social policy groups and labour unions. More recently, Campaign 2000, a national, non-partisan movement consisting of 11 national partners and a cross-Canada network of 20 community partner organizations, was created to build awareness and support for the 1989 all-part House of Commons resolution to work towards eliminating child poverty in Canada by the year 2000. And during the recent constitutional referendum campaign, a loose coalition of women's and Aboriginal groups formed an alliance on the "No" side of the referendum.

Today, there are many organizations and interest groups that try to influence social policy to benefit their constituents. Their presence in the social policy process is undeniable, but, for several reasons, their influence is debatable. (In fact, throughout the Conservative tenure, their influence has been negligible.) Limited resources make it difficult for most organizations to devote much time to advocacy. Their involvement in social policy-making is often in a reactive, rather than a proactive capacity. They are increasingly reluctant to use precious resources to participate in the policy-making process when governments are not interested in meaningful consultation. Further, organizations often lack finesse in the social policy-making process and how best to influence it.

A recent development that is hurting the social policy process in Canada is the reduced federal funding to special interest groups. Federal grants and contributions have been reduced, forcing several groups to struggle to survive and some to closed their doors altogether. Some of these groups have been highly critical of government policy, and

the present government has openly questioned why it should fund them. The answer is obvious — these groups add a great deal to the democratic process, by forcing the government to consider the difficult social policy issues that it would prefer to ignore.[59] The activities of non-governmental organizations and interest groups may be the only link that Canadians concerned with social policy have to a complex social policy process.

Political systems can be judged by how well they respond to the needs, concerns and demands of their citizens. There is increasing cynicism among Canadians towards governments and, specifically, their ability to construct and implement effective social policies. Nevertheless, few people would disagree that historically, Canada has done well in the social policy area. Canadians benefit from one of the most advanced social security systems in the world.

But recent trends are troubling. Persistently high unemployment and poverty, removal of full inflation protection for child benefits and the income tax system, reduced federal social spending, cuts in federal transfers to the provinces and the lack of meaningful consultation with Canadians on major social issues and policy changes, have the potential to undermine much of the progress that has been made. The further democratization of Canada's social policy-making process may help ensure that the social security needs of Canadians continue to be met as we struggle to adjust our social programs to new economic realities.

End Notes

1. See Simeon, Richard. "Studying Public Policy." *The Canadian Journal of Political Science.* 9, December 1976, pp. 548-580.

2. Ibid., p. 566.

3. For examples and further descriptions of this approach, see:

   Dye, Thomas R. *Politics, Economics, and the Public: Policy Outcomes in the American States.* Chicago, Ill.: Rand McNally, 1966.

   Frye, Brian, and Richard Winters. "The Politics of Redistribution." *American Political Science Review.* 64, June 1970, pp. 508-522.

   Mishler, William, and David B. Campbell. "The Healthy State: Legislative Responsiveness to Health Care Needs in Canada." *Comparative Politics.* Vol. X, July 1978, pp. 479-497.

4. Matthews Munns, 1975, p. 646.

5. Mishler and Campbell, 1978, p. 479.

6. For an examination and critique of the environmental approach, see Matthews Munns.

7. For excellent examples of the ideological approach to policy-making, see:

   Noble Tesh, Sylvia. *Hidden Arguments: Political Ideology and Disease Prevention Policy in the United States.* London: Rutgers University Press, 1988.

   For a Canadian example of the ideological approach, see Manzer, Ronald. *Public Policies and Political Development in Canada.* Toronto, Ontario: University of Toronto Press, 1985.

8. Simeon, 1976, pp. 570-571.

9. Doern and Phidd, in Simeon, 1976, p. 571. See also Hugh Heclo. *Modern Social Politics in Britain and Sweden.* New Haven, Connecticut: Yale University Press, 1974.

10. Adie and Thomas, 1987, p. 197.

11. Noble Tesh, 1988, p. 155.

12. Dolbeare and Dolbeare, in Noble Tesh, 1988, p. 155.

13. Coleman and Skogstad, 1990, p. 2.

14. Guest, 1980, pp. 5-6.

15. Ibid., p. 6.

16. Banting, 1987, p. 58.

17. See Banting, 1985.

18. Tuohy, 1989, p. 157.

19. Franks, 1987, p. 54.

20. See Cairns, Alan. "The Electoral System and the Party System in Canada." In *Constitution, Society, and Government in Canada.* Douglas E. Williams (ed.). Toronto, Ontario: McClelland and Stewart Inc., 1988, pp. 111-138.

21. Wharf and Cossom, in Yelaja, 1987, pp. 275-276.

22. See, for example, Beatty, David. "A Conservative's Court: the Politicization of Law." *The University of Toronto Law Journal*, Vol. 41, No. 147, 1991.

23. Courchene, in Doern, 1992, p. 290.

24. Schacter v. Canada (1992) 2 S.C.R. 679, S.C.J. No. 68.

25. Tetrault-Gaudry v. Canada (Canada Employment and Immigration Commission, 1991) 2 S.C.R. 22, S.C.J. No. 41.

26. Canada v. Mossop, (1993) S.C.J. No. 20.

27. The Meech Lake Accord was a constitutional agreement reached in a closed-door session of first ministers. In the end, the Accord was not ratified, in part because of the outcry from citizens and interest groups who were shut out of the process which led to the Accord. See Cairns, Alan. *Disruptions: Constitutional Struggles From the Charter to Meech Lake.* Douglas E. Williams (ed.). Toronto, Ontario: McClelland and Stewart Inc, 1991.

28. Adie and Thomas, 1987, p. 200.

29. See Lindblom, Charles E. "The Science of Muddling Through." *Public Administration Review.* (19) 1959, pp. 79-99.

30. See Etzioni, Amitai. *The Active Society: A Theory of Societal and Political Process.* New York, N.Y.: The Free Press, Chapter 12, 1968.

31. Other approaches to power are generally variants of the Marxist and pluralist approaches. Sometimes authors simply give the same approaches different labels. For example, the pluralist approach is also called the liberal approach.

32. Mahon, Rianne. "Canadian Public Policy: The Unequal Structure of Representation." In Leo Panitch (ed.). *The Canadian State.* Toronto, Ontario: University of Toronto Press, 1977, Chapter six.

    For a more complete account of the concept of the "unequal structure of representation," see Mahon, Rianne. *The Politics of Industrial Restructuring: Canadian Textiles.* Toronto, Ontario: University of Toronto Press, 1984.

33. Williamson, Peter J. *Corporatism in Perspective: An Introductory Guide to Corporatist Theory.* London: Sage, 1989, p. 56.

34. Marxist analysts are critical of this aspect of pluralism. However, critiques come from those who work within the liberal or pluralist framework as well. See, for example, Lowi, Theodore. *The End of Liberalism.* New York, N.Y.: W.W. Norton, 1979, Second Edition.

35. It has been argued that elite domination of ideas and the ability to frame issues prevents the working class from organizing in a way that will best serve their interests. See Offe, Claus and Helmut Wiesenthal. "Two Logics of Collective Action: Theoretical Notes on Social Class and Organizational Form." *Political Power and Social Theory,* Vol. 1. Greenwich, Connecticut: JAI Press, 1980:95.

36. Pross, 1986, pp. 97-107.

    For excellent examples of approaches focusing on policy communities, see:

    Coleman, William, and Grace Skogstad. *Policy Communities and Public Policy in Canada.* Mississauga, Ontario: Copp Clark Pitman Ltd., 1990.

37. Pross, 1986, p. 98.

38. Ibid., p. 99.

39. Splane, in Yelaja, 1987, p. 230.

40. Ibid., p. 225.

41. Haddow, in Coleman and Skogstad, 1990, p. 218.

42. Splane, in Yelaja, 1987, p. 230.

43. Dyck, 1976, p. 590.

44. Splane, in Yelaja, 1987, pp. 235-236.

45. Haddow, in Coleman and Skogstad, 1990, p. 225.

46. Splane, in Yelaja, 1987, p. 251.

47. Doern, 1992, p. 285.

48. Ibid., p. 288.

49. Doern, 1992, p. 288.

50. Haddow, in Coleman and Skogstad, 1990, pp. 217-218.

51. For an overview of the changing conceptions of rights, see Williams, Cynthia. "The Changing Nature of Citizen Rights." In Alan Cairns and Cynthia Williams (eds.). *Constitutionalism, Citizenship and Society*. Vol. 33 of the research studies prepared for the Royal Commission on the Economic Union and Development Prospects for Canada. Toronto, Ontario: University of Toronto Press, 1985, pp. 99-132.

52. See for example:

Special Senate Committee on Poverty. *Poverty in Canada*. A Report of the Special Senate Committee, 1971. Chairperson: The Honourable David A. Croll.

Report of the Royal Commission on the Status of Women in Canada. September, 1970. Chairperson: Florence Bird.

Adams, Ian; William Cameron; Brian Hill; and Peter Penz. *The Real Poverty Report*. Edmonton, Alberta: M.G. Hurtig, Ltd., 1971.

Economic Council of Canada. *Challenge of Growth and Change*. Fifth Annual Review. Ottawa, Ontario: Queen's Printer, September 1968.

53. See Ponting, J. Rick, and Roger Gibbons. *Out of Irrelevance.* Toronto, Ontario: Butterworth and Company, 1980.

54. The Royal Commission on the Status of Women, 1967, pp. 391-392.

55. For an excellent account of the Aboriginal and women's lobby, see Keith Banting and Richard Simeon (eds.). *And No One Cheered.* Toronto, Ontario: Metheun, 1983.

56. See Cairns, Alan. *Disruptions: Constitutional Struggles from the Charter to Meech Lake.* In Douglas E. Williams (ed.). Toronto, Ontario: McClelland and Stewart Inc., 1991.

57. The crisis at Oka, between the Quebec government and the Mohawks, began with a dispute over the extension of a golf course onto land that Mohawks had claimed as theirs for years. Part of the planned extension would have covered a Mohawk cemetary.

    On July 11, 1990, Quebec police stormed a blockade erected by the Mohawks and a police officer was killed during the confrontation. During the weeks that followed the July 11 confrontation, Quebec police blocked shipments of food and medical supplies to Oka. The standoff at Oka resulted in international criticism of Canada and focused attention on the land claims issue and the lack of federal action on Aboriginal issues in general.

    To date, the proposed extension of the golf course remains unresolved.

58. Wharf and Cossom, in Yelaja, 1987, p. 276.

59. Pross argues that the activities of interest groups are key to enhancing the democratic process. See Pross, A. Paul. *Group Politics and Public Policy.* Toronto, Ontario: Oxford Press, 1986, pp. 256-270.

SECTION V: THE CHALLENGES FACING CANADA'S SOCIAL SECURITY SYSTEM

"Every generation must judge anew the appropriate balance among the goals of social policy, thereby fashioning its own version of the welfare state. The economic and social imperatives of the 1980s do require a rethinking of the reform agenda that guided the last generation."[1]

This proviso holds true for the 1990s. Unequivocally, the major issue facing the social policy field is a re-thinking and re-formulation of Canada's welfare state. People in all sectors and of all political stripes are engaged in this process, albeit for different reasons and from different perspectives.

But consensus emerges on one point: the demographic, social and economic changes and challenges occurring both within and outside of Canada necessitate a re-examination of Canada's social policies and programs: "now is a time for taking stock, for re-examining the structure which has been put in place, for assessing its adequacy in light of contemporary social needs, and for anticipating its prospects for the future."[2]

The need to review and revise Canada's social policies and programs is bolstered by two main arguments, summarized here by Seward and Iacobacci:

> "On the one hand, it is argued that the income security programs now in place have not significantly alleviated poverty and unfair income distribution in Canada, goals that were viewed as important in establishing the social welfare state in the 1940s, 1950s and 1960s. More specifically, there has been recent concern regarding the inadequate response of public policies to the basic needs of the long-term unemployed, a concern prompted in part by the dramatic increase in the number of welfare recipients and unemployed since the recession of the early 1980s. On the other hand, a second impetus to reform emerges from the argument that the cost of income security programs, as well as the disincentives or deterrents to labour market re-entry by the unemployed that are created by programs such as unemployment insurance and social assistance, act as impediments to economic efficiency and international competitiveness."[3]

We will examine both of these arguments in more detail.

Social Programs have Not Lived Up to Expectations

This argument contends that Canada's social programs are not meeting their broad objectives. The concern regarding the effectiveness of the social security system is not new; in fact, it was a major impetus behind the federal-provincial social security review of the early 1970s.

Criticisms of the current social security system abound. Generally speaking, the major criticisms are as follows:[4]

1. *The social security system is ineffective.* Despite the massive investment in social programs, faith in the efficacy of social programs was "...shaken by the rediscovery of poverty during the 1960s, as well as by the growing realization that the overall distribution of income had remained remarkably stable and that many social programs did not confer most benefit on the poorest members of society."[5]

Using poverty as an example, poverty fell substantially in the 1960s and 1970s, but progress stalled in the 1980s and 1990s. (See Figure 5 in Appendix B for national poverty trends.) More precisely, poverty rose in the early 1980s as a result of the 1980-81 recession, declined steadily during the middle part of the decade as the national unemployment rate fell, but climbed sharply again in the recent recession and its double-digit unemployment rates. Figure 6 in Appendix B illustrates the remarkably close relationship between unemployment and poverty rates; as unemployment increases so does poverty, and poverty falls when unemployment declines.

At last count (1991), 4,227,000 Canadians — 16.0 per cent of the population — lived on low incomes. The poverty rate is much higher for certain groups, such as single-parent families headed by women (61.9 per cent), elderly single women (47.4 per cent), and young single people (55.5 per cent). (See Figures 7, 8 and 9 in Appendix B.)

Not only is Canada's social security system not responding adequately to the problem of poverty, but some of the benefits provided by programs such as social assistance actually guarantee that recipients will live far below poverty lines. According to the National Council of Welfare, in 1992:

> "Welfare incomes for single employable people ranged from 24 per cent of the poverty line in New Brunswick to 62 per cent of the poverty line in Prince Edward Island. Benefits for single disabled people fell between 45 per cent of the line in Alberta and 76 per cent in Ontario. Welfare incomes for single-parent families ranged from a low of 55 per cent in New Brunswick to a high of 80 per cent of the poverty line in Ontario. Finally, the incomes of two-parent families with two children fell between 45 per cent of the poverty line in New Brunswick and 73 per cent in Prince Edward Island and Ontario."[6]

2. *The social security system is complex, uncoordinated and overly bureaucratic.* The "patchwork quilt" approach to building the system has resulted in too many programs and too many people delivering them. The lack of coordination and duplication means that programs can work at cross purposes and recipients find it difficult to understand their entitlements and responsibilities.

Using Ontario's social assistance system[7] as an example, this complexity is well-stated in *Transitions*, the 1988 report of Ontario's Social Assistance Review Committee:

> "Poor integration of the various elements of the larger income security system compounds the problems confronting both [welfare] recipients and those involved in program delivery. Because other elements of Canada's income security system fail to provide an adequate income, considerable numbers of clients receive both social assistance and Unemployment Insurance, Canada Pension Plan benefits, or Workers' Compensation. The policies of these other programs regarding minimum wages, immigration sponsorship, child support payments, and the tax and transfer systems all create problems of co-ordination for the deliverers of social assistance. In addition, most low-income recipients need a range of services and supports in order to re-establish their lives within the larger community. To the extent that these are provided by different agencies, often with differing sets of eligibility and program criteria and no one to take responsibility for overall co-ordination, recipients will be poorly served and will continue to have problems securing access to the services they need."[8]

3. *The social security system creates work disincentives.* This situation applies primarily to welfare recipients who face very high effective tax rates on employment earnings (which reduce their welfare benefits) and the loss of in-kind benefits, such as supplementary health care, when they move off welfare and into the labour market. Thus, in some cases, recipients are actually better off (in strict economic terms) not working.

A study prepared by the Caledon Institute of Social Policy for the Ontario Fair Tax Commission found that, for example, a single parent on welfare with one child aged two faced high effective tax rates:

> "When annual employment earnings reach $20,000, the marginal tax rate has risen to 95 per cent. The level remains high until the single parent's employment earnings reach $26,000 at which point it drops until it reaches 47 per cent at earnings of $29,000. Disposable income for the single parent with a pre-school child increases very little as income increases due to the interaction of the social assistance system and the tax system. As employment earnings increase from $1,000 to $27,000, disposable income increases by only $5,000."[9]

The same high tax rates affect other welfare households as well. As the study concludes, this situation hardly provides a strong incentive for employment.[10]

4. *The social security system is inequitable.* For example, tax deductions and exemptions are of the greatest benefit to affluent, rather than low or moderate-income, Canadians. Workers with above-average earnings are more likely to contribute to, and hence benefit from, Registered Retirement Savings Plans. In 1989, 54 per cent of taxfilers with incomes of $40,000 or more contributed an average of $4,054 to Registered Retirement Savings Plans. Only five per cent of taxfilers with incomes under $15,000 contributed to these plans and their average contribution was $1,274.[11]

Furthermore, the federal government offers a tax break for contributions to Registered Retirement Savings Plans. Taxfilers can deduct, up to a predetermined maximum, the amount of their contributions from their taxable income each year, thereby lowering the amount of federal and provincial taxes owed. The largest tax savings accrue to the most affluent; moreover, maximum tax deduction limits for contributions are scheduled to increase through 1996, after which the limit will be indexed each year according to the increase in average wages.[12]

5. *The social security system is growing more and more expensive.* Both the size of the system and demographic, economic and social trends, such as the aging population and a chronically high unemployment rate, have resulted in rising program costs as social programs try to cope with greater numbers of recipients and changing needs. The cost of social programs was discussed in Section III.

6. *The social security system is not effectively meeting the needs of the unemployed.* The unemployment rate has increased substantially since the 1940s. In the 1980s, the unemployment rate in Canada averaged 9.3 per cent — the second highest decade average since the 1930s when it was 13.1 per cent (see Figure 10 in Appendix B). And since 1990, unemployment in Canada is again increasing due to the recession. In 1992, the average annual unemployment rate was 11.3 per cent — 1,556,000 people were counted among the officially unemployed, meaning that they were actively looking for work. The actual number of jobless is much higher, because many people give up actively looking for work and so are not counted among the unemployed. (See Figure 11 in Appendix B.)

Widespread unemployment means that many Canadians must turn to Unemployment Insurance and social assistance programs. This places tremendous pressure on these programs; as caseloads increase so do program costs. As Figure 12 in Appendix B indicates, the number of welfare and Unemployment Insurance recipients has remained stubbornly high since the 1980s and has been increasing in the 1990s because of the recession. In 1992, the total number of welfare and Unemployment Insurance recipients in Canada was a staggering 4,279,410. In Ontario, "...welfare caseloads have reached

their highest-ever levels since the inception of the program. In 1992-93, more than 1.2 million Ontarians or one in nine persons in the province received social assistance."[13]

The Orange Paper argued that our social security system is based on the faulty assumption that Canada can achieve full employment, when in fact, there is extended unemployment and our social programs must be constructed with this reality in mind.[14]

> "...there are limits to what general economic policies can do — limits to macroeconomic policies... limits to the general policies designed to develop particular sectors and regions of the country... and limits to the measures designed to facilitate the rapid movement of labour and capital to the places where they can be used most productively."[15]

The social security system must do a better job of assisting the unemployed and generating education and training measures to supplement general economic policies. It is interesting that, twenty years later, exactly the same argument is being made by those who contend (including the federal Conservative government, the Liberal government in New Brunswick and the New Democratic Party government in Ontario) that Canada must move from "passive income maintenance" to "active social programs" that encourage independence and self-sufficiency.

7. *One of the oldest and most enduring criticisms of Canada's social security system is that it does not provide adequate assistance to the working poor.* Despite the fact that about half of Canada's poor receive most of their income from employment, they get little help from social programs. (Only Saskatchewan, Manitoba and Quebec have income supplementation programs for working poor families with children. The federal Child Tax Benefit contains an Earned-Income Supplement of up to $500 for working-poor families with children.) Ironically, social assistance recipients may be better off than those who are in the paid labour force but whose incomes leave them in poverty. This violates the principle of less eligibility described earlier and also raises the issue of work incentives and disincentives.

8. *The social security system does not extend adequate assistance to persons with disabilities.* These people have additional expenses because of the items and services required for daily living. Higher costs of living coupled with the employment-related difficulties facing persons with disabilities (i.e., they either lack employment or work in low-paying, unstable jobs) means that most people with disabilities are poor and many must rely on social programs that provide inadequate benefits.[16] For example, disabilities unrelated to employment are not covered by Worker's Compensation. And many Canadians with disabilities, especially those from birth, end up on welfare. In 1992, welfare benefits for single disabled people ranged from a low of $6,660 in Alberta to a "high" of $11,302 in Ontario. These rates leave them far below the poverty line.[17]

9. *Provincially delivered social programs may provide different levels of assistance to people with similar needs.* This problem stems from the fact that benefit rates as well as the availability of programs varies between provinces. For example, someone receiving welfare in one province will get a different amount than someone residing in another province. Social assistance programs also allow a good deal of discretion by administrators regarding the benefits that may be made available for recipients' special needs, which in turn can lead to differential treatment of recipients in the same circumstances. As well, someone in need of a particular social service may find that it is available in one province but not another.

10. *The social security system, as currently structured, is unable to cope with both an increased demand for assistance and with new social problems created by demographic, social and economic changes.*

The consequences of these changes are many.

Social spending continues to increase, budget deficits rise, some social programs no longer function as originally intended and other programs must be revised or expanded to meet these changing needs. Unemployment Insurance has become a permanent source of income for many people who struggle to earn their livelihood through fishing in Atlantic Canada. Welfare is renowned for its inadequacies, but is now supporting many of the long-term unemployed. An aging population means ever-increasing costs for retirement income programs, health care and social services. The increased labour force participation of women augments the need for affordable, quality child care. Marriage breakdown means poverty for many mothers and children, some of whom have to turn to welfare. The demand for services by people dealing with personal problems, such as substance abuse, family violence, young offenders and victims of crime, often exceeds the availability of these services. The deinstitutionalization of people with disabilities and psychiatric problems means that they need community supports and alternative forms of housing.[18] Homelessness and poverty generates a need for food, clothing, shelter and employment.

All of these criticisms of Canada's social security system are valid, but do not necessarily lead to the conclusion that the system has not lived up to expectations. There is always room for improvement, but some social programs are effectively meeting their objectives. For example, medicare is a successful program by any measure. Publicly funded benefits for the elderly (Old Age Security, the Guaranteed Income Supplement, the Spouse's Allowance, the Canada Pension Plan and provincial income supplements) have reduced poverty rates and improved their incomes. In 1981, 21.9 per cent of elderly families were poor; by 1991, this figure had declined to 9 per cent. And 62.8 per cent of elderly unattached individuals were poor in 1981 compared to 43.8 per cent in 1991. (See Figures 13 and 14 in Appendix B.)

Furthermore, to use poverty as an example again, while no social program should provide benefits that leave recipients poor, it is misguided to blame the social security system for failing to eliminate the complex problem of poverty. In "Can We Reform Canada's Income Security System?"[19] the influential social policy analyst and senior public servant in Ontario, Michael Mendelson, acknowledges that there is some truth to the view that income security programs cause poverty.

However, he makes three important points that underscore the fact that the social security system's failure to eliminate poverty does not reflect a failure in the design of social programs. First, he notes that income security programs have prevented poverty from being even worse than it is or would be without these programs. Second, if income security programs have failed to eliminate poverty, it is because there is no commitment to do so (i.e., by providing adequate social benefits), rather than being attributable to faulty program design per se.

For example, as indicated earlier, welfare recipients are poor because the program provides sub-poverty line benefits, but this is not necessarily due to a predetermined or inherently flawed program feature. In fact, when there is a commitment to reduce poverty it can be done. Improvements to social benefits for the elderly in the late 1970s and early 1980s helped reduce poverty among seniors. Third, most social programs were never intended to reduce poverty. For example, social insurance programs like Unemployment Insurance replace a portion of income when people experience a temporary interruption of earnings, but Unemployment Insurance was never designed with an anti-poverty objective in mind.

It should also be pointed out that the social security system is an easy target when social spending is high, but the system alone is not responsible for all of its current shortcomings. Canada's social programs were not designed to function as they do today. Ken Battle, one of Canada's leading social policy experts, argues that "because the social safety net is stretched so thin by the weight of large numbers of dependants, it cannot provide the adequate support that it should: it is simply overwhelmed by far more people than it was ever intended to support, especially the casualties of unemployment and low wages."[20]

Social programs expanded amidst a robust economic climate when unemployment rates were relatively low. In fact, Courchene suggests that "...if the underlying economic buoyancy and prosperity of the 1960s still prevailed today, Canadians would not now be engaged in a social policy review."[21]

And finally, the economic policies of the federal government have also crippled the social security system. Battle continues:

> "...the obsession with controlling inflation and curbing the deficit has taken precedence over dealing with the high rates of unemployment, which particularly

in the last few years have put enormous pressure on Unemployment Insurance and welfare programs. At the same time, the Finance Minister has instituted a series of major social policy changes which have cut billions of dollars from federal social programs and federal social transfers to the provinces."[22]

While throwing more money into the social security system does not necessarily make it better, it may be unrealistic to expect the system to meet all our expectations when so many major programs are losing federal funding.

The Sustainability of Social Programs Amidst Economic Restructuring

The second argument underlying the need to review and revise Canada's social policies and programs asserts that Canada's costly and comprehensive social security system impedes economic growth. Social policy is linked with economic policy in three ways: the performance of the economy affects the need and demand for social programs; the state of the economy affects social spending; and Canada's social programs, as currently structured, may jeopardize prospects for investment and entrepreneurship, productivity and economic growth.

Specifically, social programs are said to impede economic growth because:[23]

1. Unemployed people who depend on the minimal incomes provided by social programs have virtually no money to put into the economy to purchase goods and services.

2. High levels of social spending increase the nation's deficit which makes the international business community hesitant to invest in Canada.

3. Social program costs are reflected in the price of goods and services produced in Canada which also hinders the capacity of businesses to invest here.

4. Social insurance premiums burden small, labour-intensive Canadian businesses, stifling their ability to create jobs.

In addition to hindering Canada's economic performance, proponents of this viewpoint contend that the social security system "...reflects an exaggerated view of the capacity of government to engage in social engineering; the unintended consequences, they maintain, include the undermining of the family, the reinforcement of dependency, and the growth of elaborate bureaucracies..."[24]

According to this argument, Canada's social security system requires major reform if the economy is to remain competitive and prosperous. In short, the Canadian economy is in a process of restructuring and its social programs must follow suit: social spending

must be reduced, programs must be targeted to those most in need and disincentives to employment must be eliminated.

Courchene identifies three challenges facing Canadian social policy: the fiscal challenge, the economic-technological challenge and the socio-demographic challenge.[25]

The fiscal challenge arises from a sluggish economy coupled with the sizeable cost of social programs and significant federal and provincial deficits. According to Courchene, this situation necessitates reduced social spending and a rationalization of social programs.

The economic-technological challenge stems from economic globalization which puts social policy in a dilemma. On the one hand, social policy must facilitate rather than inhibit economic adjustment. For example, the obstacles facing social assistance recipients must be addressed so they can rejoin the paid labour force. On the other hand, a responsive and well-maintained social security system is necessary for Canadians who are victims of the economic restructuring. For example, the changing nature of employment directly affects social policy — job training and job creation and social programs like Unemployment Insurance, welfare and pensions.

The socio-demographic challenge refers to the social and demographic changes confronting Canada. These, in turn, mean that social programs must be re-oriented to meet Canadians' varied and changing needs, such as those facing the increasing numbers of elderly and single-parent families.

These three complex challenges underlie much of the pressure to reform Canada's social policy. Because of the fiscal challenge, it is unlikely that they can be addressed simply by increasing social spending and enlarging what some critics see as an already bloated social security system. Rather, these challenges will have to be incorporated into a rationalized system.[26] If the process of social security reform were to entail additional expenditures, reform would undoubtedly have to be "fiscally neutral." In other words, the net result of increased spending would have to be achieved in such a way that it would not substantially increase the federal deficit.[27]

In sum, whether motivated by the belief that Canada's social programs have failed to achieve their objectives, or by the belief that the current social security system is unsustainable because it impedes economic growth, there is general agreement that the system should be reviewed and restructured.

However, there is an important, if subtle, difference between calling for the reform of specific social programs and concluding, as some observers have, that the entire social security system is flawed and obsolete and requires a dramatically different approach and a major overhaul. Those who have reached this conclusion may be judging social programs against standards and objectives that were not a part of the original

assumptions or circumstances that guided the development of our social security system in the earlier decades of this century.[28]

Pragmatically speaking, it is not so much a matter of debating whether or not our social programs have succeeded or failed, but rather acknowledging that the system requires re-examination and restructuring to respond more effectively to today's social, economic and demographic changes. As noted in Section I, as societies change, so must their social policies and programs. However, as stated in the Orange paper, "it must not be thought... that Canada's present social security system is fundamentally unsound, and in need of a total transformation. For this simply is not the case. The truth is that Canada's system is one of the most advanced in the Western World, and that it provides a solid foundation upon which to build in the context of today's needs."[29]

The Process and Direction of Social Policy Reform

It is beyond the scope of this paper to discuss the content of social policy reform, that is, how the litany of criticisms levelled against the current social security system might be addressed.[30] However, it is important to briefly indicate how the reform process may evolve and the questions underlying reform.

Social policy reform is always a complex and highly political process, but it becomes even more challenging in this time of fiscal restraint. Both of the arguments presented here — the failure of social programs to live up to expectations and the sustainability of social programs amidst economic restructuring — call for social policy reform. However, these two different perspectives can lead to very different conclusions about what kind of reform is required and what action should be taken:

> "This is the nub of the disagreement causing the current hiatus in the development of social programs and resulting in the loss of a coherent direction for reform... If we are to escape this public policy vacuum it will be through the emergence of a new concept of social policy to mobilize competing political forces once more in pursuit of a common goal... Whether a new consensus is possible, and what form it might take, will depend upon the social and economic realities underlying the absence of consensus today."[31]

To oversimplify, the process of reform can be open and visible, or closed and hidden. The direction of reform can be progressive or regressive.

Regarding the process of recent social policy changes, the Tory government has increasingly employed a "stealthy" approach to social policy:[32]

> "Despite the facade of public consultation, major social policy reforms have been made by the finance minister and his bureaucrats in budgets. Critics can only snipe at changes after they are proposed in budgets which governments are loathe

to amend. At a time of growing public cynicism and disenchantment with Canadian politicians, the politics of stealth are especially damaging to the process of open, democratic public policy deliberation and debate which is necessary to tackle and resolve the tough social policy challenges confronting us."[33]

We cannot predict whether or not social policy reform throughout the rest of this decade will continue to be characterized by this devious approach. The answer depends in part on which party forms the next federal government.

And for the past several years, the direction of social policy reform reflects the neoconservative ideology of the federal government. According to the internationally renowned Canadian Professor Ramesh Mishra, the oil crisis and stagflation of the mid-1970s and the recession in the early 1980s, weakened the credibility of the Keynesian welfare state (i.e., a centrist mixed economy that has characterized post-war capitalism) and "...created the opportunity for both the right (pro-capital interests) and the left (broadly, pro-labour interests) to define the crisis from their own perspectives and to propose new solutions."[34]

Neoconservatism, which has been the predominant right wing response to the crisis in the welfare state in Britain, the United States and, to a lesser degree, in Canada "...represents broadly the response of capital, suggested the return to a 'pure' form of capitalism -- the rigour and discipline of the marketplace — including unemployment as 'natural' and inevitable in a market society, privatization, a lean even if not mean social welfare system, and reliance on non-government sectors for meeting social needs."[35]

As Banting explains, neoconservatism first emerged at the provincial level in Canada and developed more slowly at the federal level. While many people associate the rise in neoconservatism with the present federal government, it actually predates the Tories.

Contrary to what some people believe, fiscal restraint did not begin with the election of the Progressive Conservative party in 1984; in the late 1970s and early 1980s, the Liberal government put the brakes on social spending. For example, in 1975, the Liberal government introduced wage and price controls and cut $1.5 billion from its projected 1976-77 expenditures.

Consequently, numerous social programs were either reduced, frozen or eliminated.[36] And the Liberal government's 1983 budget announced a "6 and 5" anti-inflation program which placed limits of six per cent in 1984 and five per cent in 1985 on the annual adjustment of federal Established Programs Financing transfers for post-secondary education.[37]

The Tories followed suit. During their first term they moved more cautiously on social policy. But after winning its second consecutive majority government in 1988, "greater

ideological self-confidence" emerged and the conservative government became bolder in implementing its economic agenda, which emphasized deficit reduction and budgetary restraint.[38] Social programs, which are linked to the federal deficit in the public's mind, and which are viewed with disdain by the Tories, became ready targets for restraint.[39]

While neoconservatism has been more constrained in Canada than in Britain and the United States,[40] many of the social policy changes enacted by the federal government have eroded and damaged Canada's social security system, such as the partial deindexation of child benefits and the personal income tax system, the tightening of the Unemployment Insurance program, social housing cuts, the clawback on Old Age Security, the funding cuts to special interest and advocacy groups, and the decreased federal transfers to the provinces for health care, post-secondary education and welfare (the latter only in Ontario, Alberta and British Columbia).[41]

Most social policy observers believe that continued restraint is a cause for concern, but few would go so far as to conclude that Canada's welfare state is being dismantled. Nor would they suggest that it constitutes an unbearably heavy burden on the economy, although they acknowledge that Canada is under pressure to use its resources as effectively as possible.[42]

Public support for Canada's social security system also remains strong; the legitimacy of the welfare state is unquestioned.[43] However, the public is ambivalent about some social programs. For example, public health insurance and Old Age Security are viewed much more favourably than welfare, which is regarded with suspicion and resentment. And while Canadians do not necessarily support cuts to all social programs, most would prefer to tackle the federal deficit by reducing social spending rather than increasing taxes.[44]

There is no doubt that Canada's social security system will continue to change. But the nature, extent and impact of the changes will depend on the outcome of the impending federal election as well as other factors, including the state of the economy. Canadians know that their country is changing and that these changes have implications for social and economic policy. They accept that government cannot be all things to all people. It cannot cure all economic woes and respond to all human needs and social problems. But people are obviously concerned about the impact of these dramatic social, demographic and economic changes on their security and quality of life — and rightly so.

While social and economic policy reform may be inevitable, of paramount importance is the process and outcome of reform, specifically, how societal changes are determined and managed and how personal security is maintained. The answers will not come easily, but one thing is clear:

"The reorientation of Canada's social policies should be undertaken with the objectives of building a more humane and responsive framework of social policies on a foundation of social realism; achieving a better targeting of the public's tax dollars; improving labour market incentives; and containing overall costs. This reform must recognize the essential interface between social and economic policy."[45]

Social Policy Research Priorities[46]

Several social policy issues have emerged as priorities due to the demographic, economic and social changes that are occurring in Canada. Others top the list because they are long-standing issues that have yet to receive adequate attention. This is not an exhaustive list, but it contains issues that are areas of concern in the years ahead.

1. Persistent poverty, with a particular focus on the working poor, young adults, children and female-led single-parent families.

2. The restructuring of the economy and its effects on the labour market, such as the changing nature of employment, long-term unemployment, involuntary part-time employment, low-wage jobs and equal pay for work of equal value.

3. Social assistance reform. Welfare programs are costly and trapping greater numbers of people who live on benefits that keep them in poverty, yet are unable to make the transition from welfare to work due to the work disincentives inherent in the program and the lack of jobs with adequate wages and benefits.

4. Reform of the retirement income system. An aging population is driving up the costs of the system (particularly Old Age Security). Specific programs are problematic, for example, the lack of inflation protection and the low coverage of workers in private sector occupational pension plans, the regressive Registered Retirement Savings Plan tax deduction and the inadequate retirement income provided by the Canada Pension Plan.

5. The health care system. Canada's health care system is effective, but costs are increasing due to such factors as an aging population and new technology. There is pressure to contain costs while still preserving the integrity of the system.

6. Persons with disabilities. Much more needs to be done in order to provide them with the items and services required for daily living and to participate in community life. As well, opportunities for training and employment must be improved as must the benefits available from social programs so they do not continue to live in poverty.

7. Balancing work and family responsibilities. The rise in single-parent and two-earner families and the increased participation of women in the labour force have resulted in numerous family-related issues, such as child care, maternity and paternity benefits, parental leave, care of other dependent family members and flexible employment options.

8. Social services. This is an enormous area and involves such issues as coordinating and rationalizing the delivery of services and ensuring that services are of high quality, accessible and available to all who need them.

9. The future of Canada's social security system, particularly, its scope and financing. Restructuring must be based less on ideology and more on sound research, program evaluations and consumer input in order to develop informed and effective options for reform.

End Notes

1. Banting, in Seward, 1987, p. 158.

2. Royal Commission on the Economic Union and Development Prospects for Canada, 1985, p. 554.

3. Seward and Iacobacci, 1987, p. vii.

4. The major criticisms listed here are based on a review of the literature as well as the author's opinion based on her experience in the social policy field.

5. Royal Commission on the Economic Union and Development Prospects for Canada, 1985, p. 578.

6. National Council of Welfare, Spring 1993, p. 25. Welfare income consists of basic social assistance, additional social assistance benefits, Family Allowances, the Child Tax Credit, other child-related benefits, the Goods and Services Tax Credit and provincial tax credits.

7. In July 1993, the Ministry of Community and Social Services released a paper entitled *Turning Point* in which it outlines the dismantling of Ontario's current welfare system into a new system of support programs for people with low incomes. Please remember that when we cite Ontario's social assistance system in this paper, we are referring to the present -- not the newly announced -- welfare system.

8. *Transitions*, 1988, p. 54.

9. Battle and Torjman, 1993, pp. 66-67.

10. Ibid., p. 66.

11. Hess, 1992, p. 25.

12. Ibid., pp. 25-26.

13. Ministry of Community and Social Services, 1993, p. 7.

14. Lalonde, 1973, p. 9.

15. Ibid., p. 9.

16. The Roeher Institute, 1988, pp. 5-6.

17. National Council of Welfare, Spring 1993, pp. 33-35.

18. Battle, in Chrétien, 1992b, p. 165.

19. Mendelson, 1987, pp. 120-122.

20. Battle, in Chrétien, 1992b, p. 166.

21. Courchene, 1987, p. 10.

22. Battle, 1992c, p. 1. For more information on the reduced federal transfers to the provinces see:

    Battle, Ken. "The Tory Record on Social Policy." Unpublished paper. Ottawa, Ontario: The Caledon Institute of Social Policy, 1992.

    National Council of Welfare. *Funding Health and Higher Education: Danger Looming.* Ottawa, Ontario: The Council, Spring 1991.

23. Canadian Council on Social Development, 1986, p. 9.

24. Royal Commission on the Economic Union and Development Propsects for Canada, 1985, pp. 577-578.

25. Courchene, 1987, pp. 15-20.

26. Ibid., p. 19.

27. Seward and Iacobacci, 1987, pp. 7-9.

28. Banting, 1987, pp. 148-153.

29. Lalonde, 1973, p. 3.

30. Numerous recommendations and options for the reform of Canada's social programs have been put forth over the years. The documents are too extensive to mention here, but some recent examples include:

    Report of the Royal Commission on the Economic Union and Development Prospects for Canada. Chairperson: Donald Macdonald. Ottawa, Ontario: Minister of Supply and Services, 1985.

Business Council on National Issues. *Social Policy Reform and the National Agenda.* Ottawa, Ontario: The Council, December 1986.

Courchene, Thomas J. *Social Policy in the 1990s. Agenda for Reform.* Policy Study No. 3, C.D. Howe Institute. Scarborough, Ontario: Prentice-Hall Canada, Inc., April 1987.

Seward, Shirley B., and Mario Iacobacci (eds.). *Approaches to Income Security Reform.* Halifax, Nova Scotia: The Institute for Research on Public Policy, 1987.

Canadian Council on Social Development. *Work and Income in the Nineties.* Discussion Papers, 1986-87.

National Council of Welfare reports. The Council has an extensive publications list and its reports cover a wide range of social policy issues and programs.

31. Mendelson, 1987, pp. 118-120.

32. See Gray, Grattan. "Social Policy by Stealth." *Policy Options.* Vol. 11, No. 2, March 1990, pp. 17-29.

33. Battle, 1992b, p. 157.

34. Mishra, 1990, p. 14.

35. Ibid., p. 14. For more information on the various post-crisis responses to the welfare state see:

    Mishra, Ramesh. *The Welfare State in Capitalist Society. Policies of Retrenchment and Maintenance in Europe, North America and Australia.* Toronto and Buffalo: University of Toronto Press, 1990.

36. Guest, 1980, p. 196.

37. Battle, 1992b, p. 154.

38. Banting, 1992, pp. 155-157.

39. Guest, 1984, p. 141.

40. Banting explains that neoconservatism has been more constrained in Canada because of the distinctive features of the political economy of the Canadian welfare state, specifically, its linguistic and regional divisions and its marginal position in the international trading system. For more information see:

Banting, Keith. "Neoconservatism in an Open Economy: The Social Role of the Canadian State." *International Political Science Review*. Vol. 13, No. 2, 1992, pp. 149-170.

41. For a discussion of the major social policy changes introduced by the federal Conservative government, see Ken Battle, "The Tory Record on Social Policy." Unpublished paper. Ottawa, Ontario: The Caledon Institute of Social Policy, 1992.

42. Royal Commission on the Economic Union and Development Prospects for Canada, 1985, pp. 571-582.

43. Banting, 1992, p. 154.

44. Ibid., p. 578.

45. Business Council on National Issues, 1986, p. i.

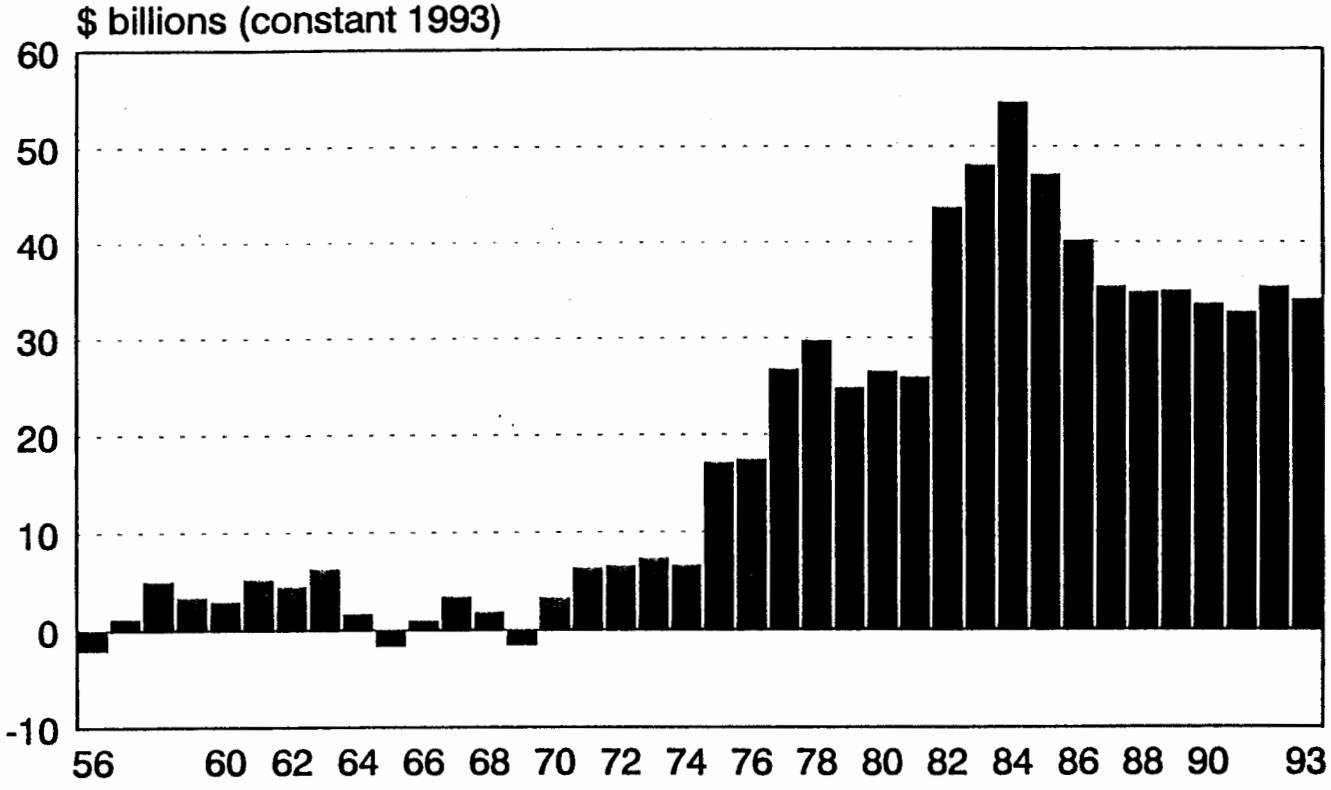
46. The intent of this section is to lay out priority research areas, rather than discuss each in detail or provide specific research questions and approaches.

Appendix A

Federal Social Spending

Figure 1 FEDERAL DEFICIT

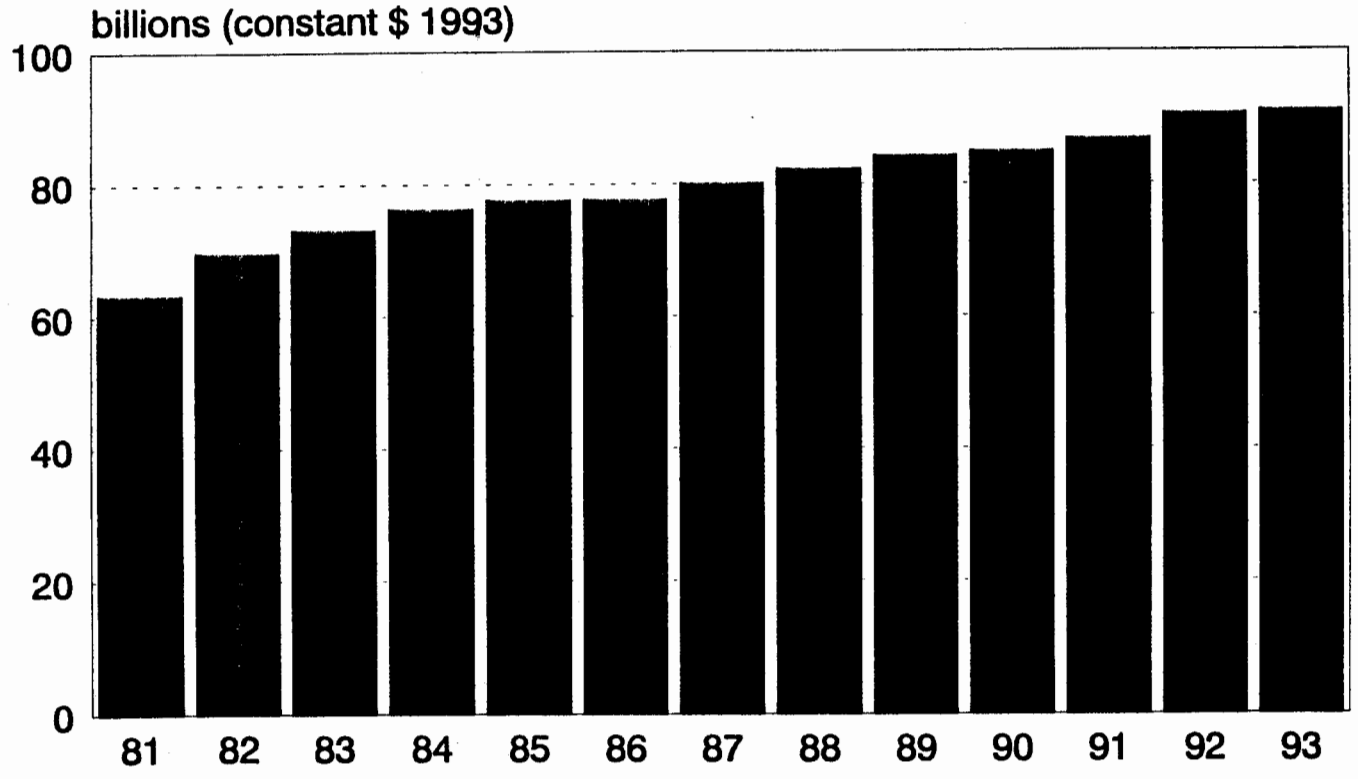
1956/57-1993/94



source: Caledon Institute of Social Policy

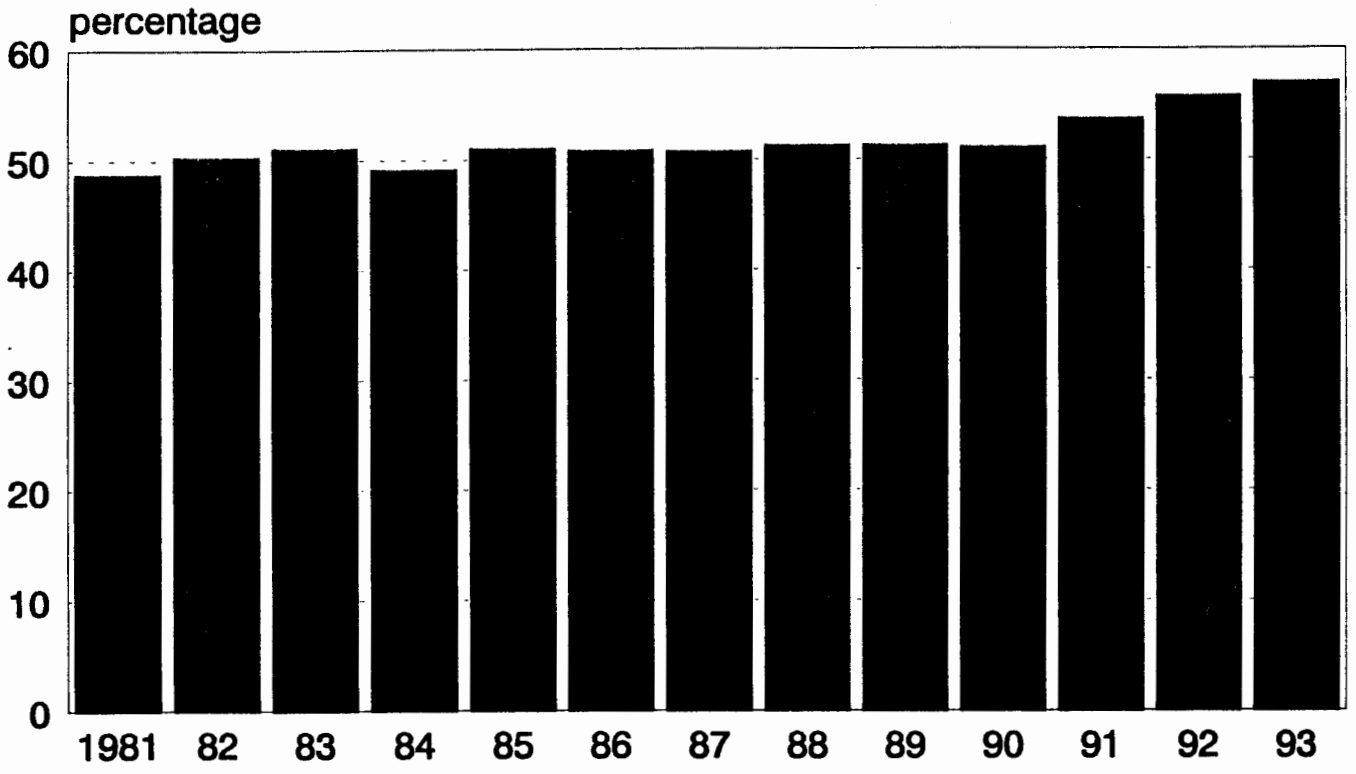
Figure 2 TOTAL FEDERAL SOCIAL SPENDING

1981/82-1993/94



source: Caledon Institute of Social Policy

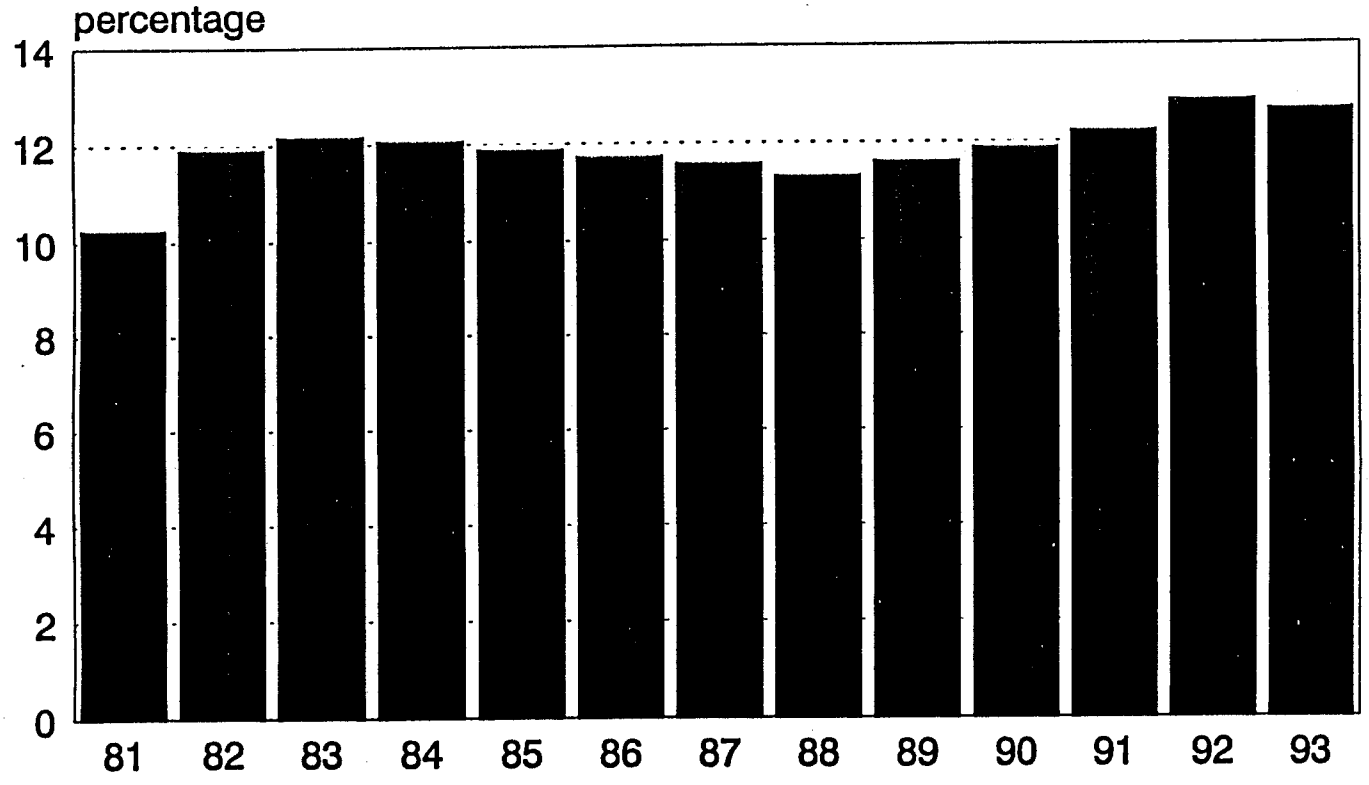
Figure 3 FEDERAL SOCIAL SPENDING AS PERCENTAGE OF TOTAL FEDERAL BUDGETARY SPENDING, 1981/82-1993/94



source: Caledon Institute of Social Policy

Figure 4 FEDERAL SOCIAL SPENDING AS PERCENTAGE OF GDP

1981/82-1993/94



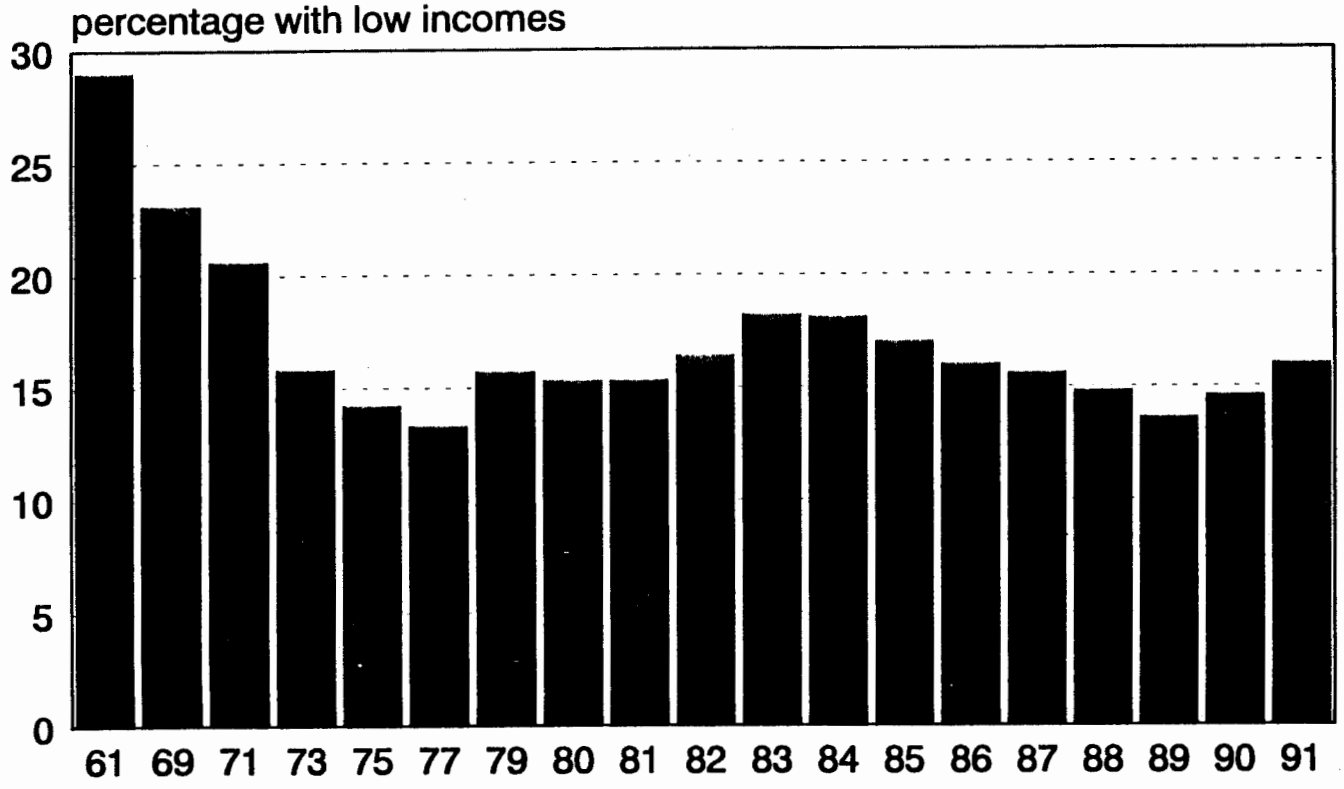
source: Caledon Institute of Social Policy

Appendix B

Poverty and Unemployment Data

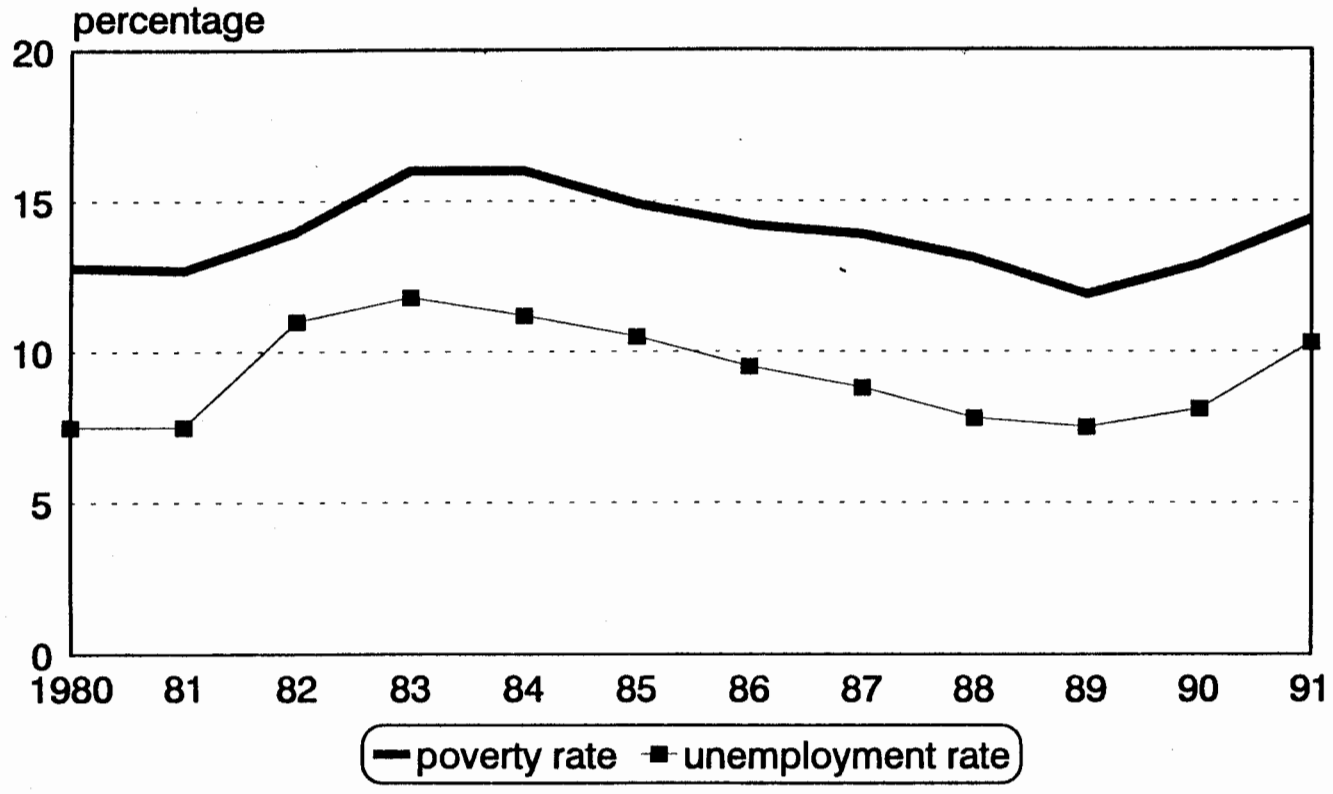
Figure 5 POVERTY TRENDS

ALL PERSONS



source: Caledon Institute of Social Policy

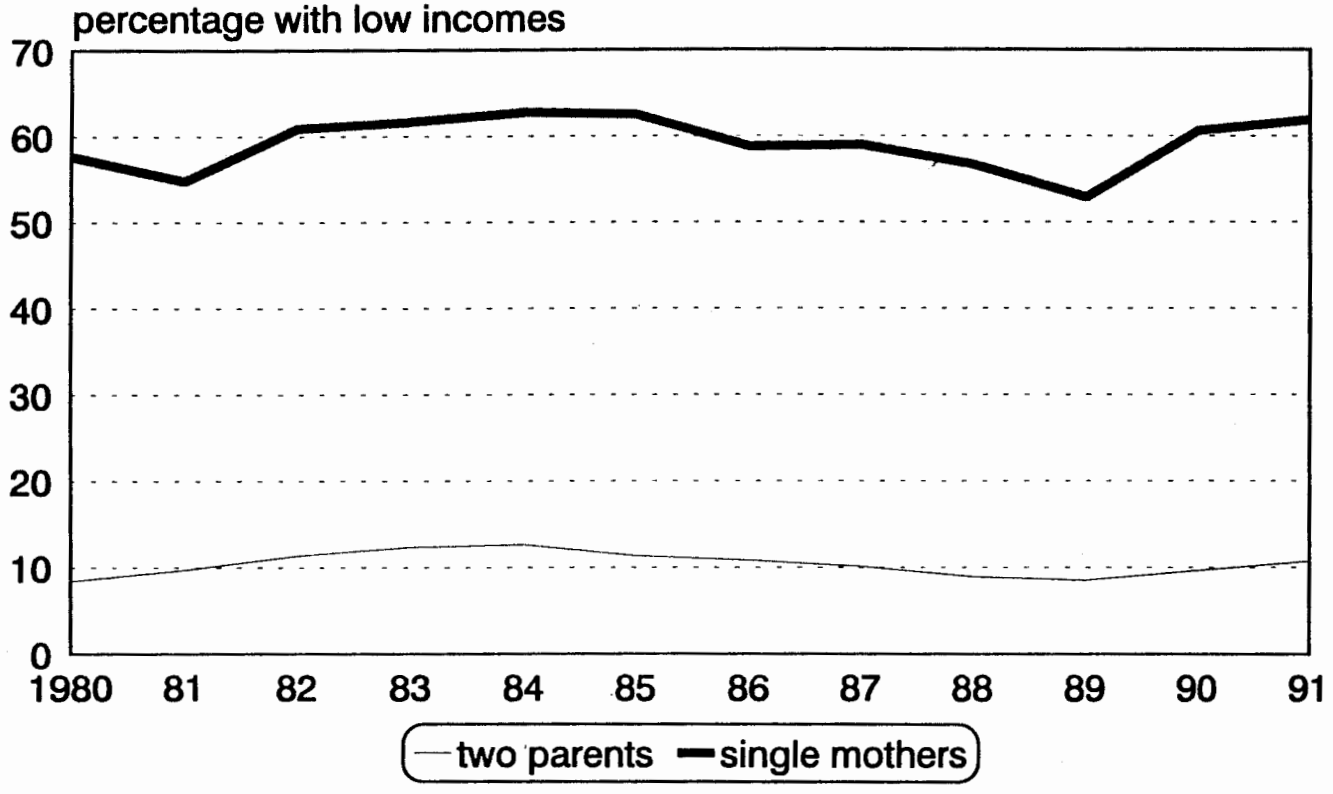
Figure 6 TRENDS IN UNEMPLOYMENT RATE AND POVERTY RATE FOR PERSONS 18-64



source: Caledon Institute of Social Policy

Figure 7 POVERTY TRENDS

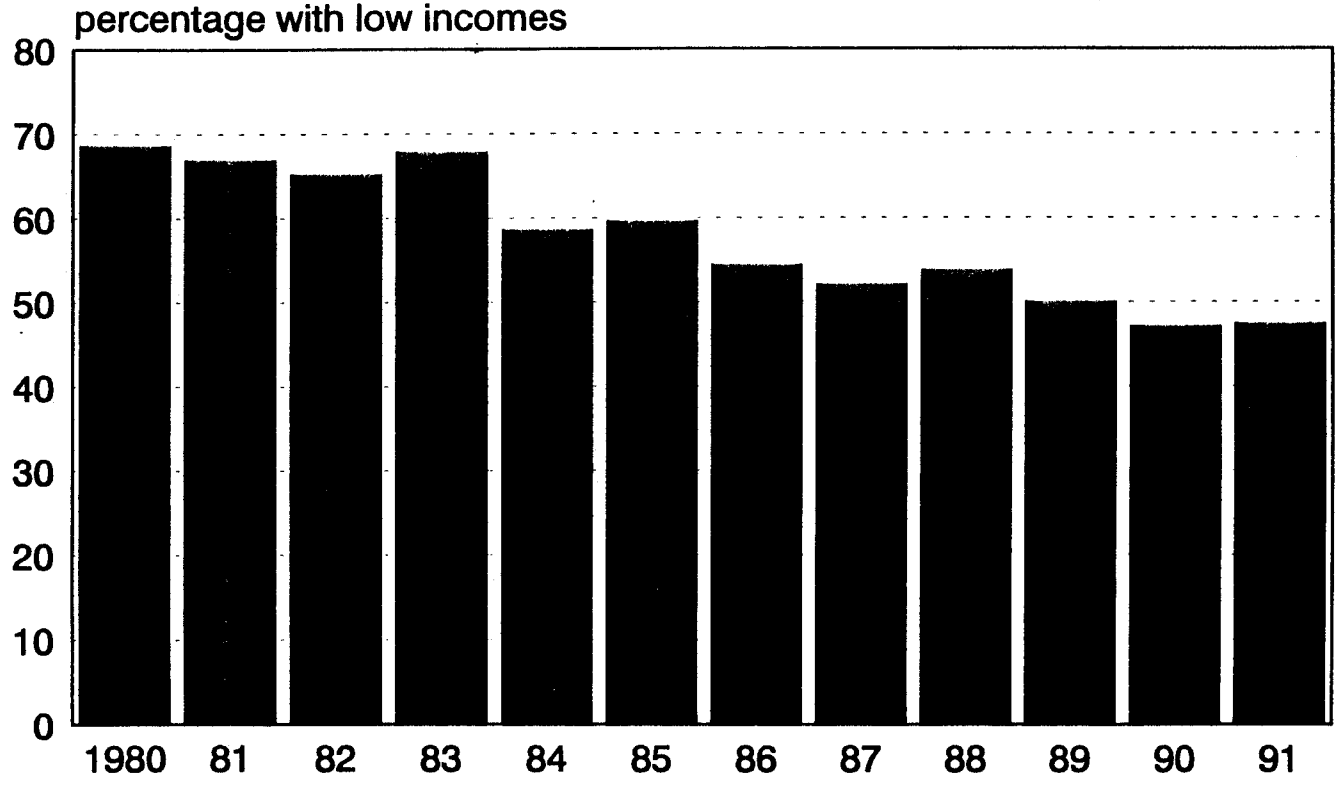
TWO-PARENT AND FEMALE SINGLE-PARENT FAMILIES



source: Caledon Institute of Social Policy

Figure 8 POVERTY RATE

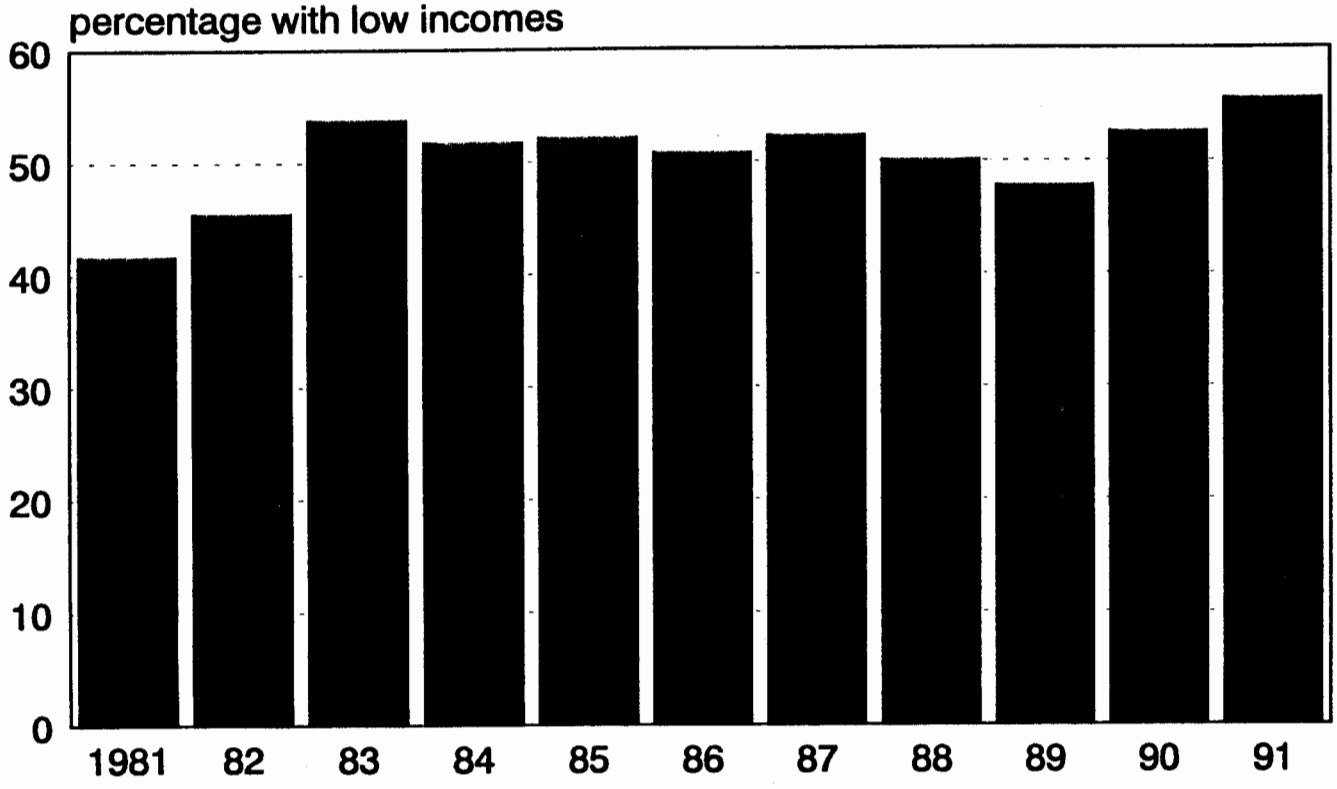
ELDERLY UNATTACHED WOMEN



source: Caledon Institute of Social Policy

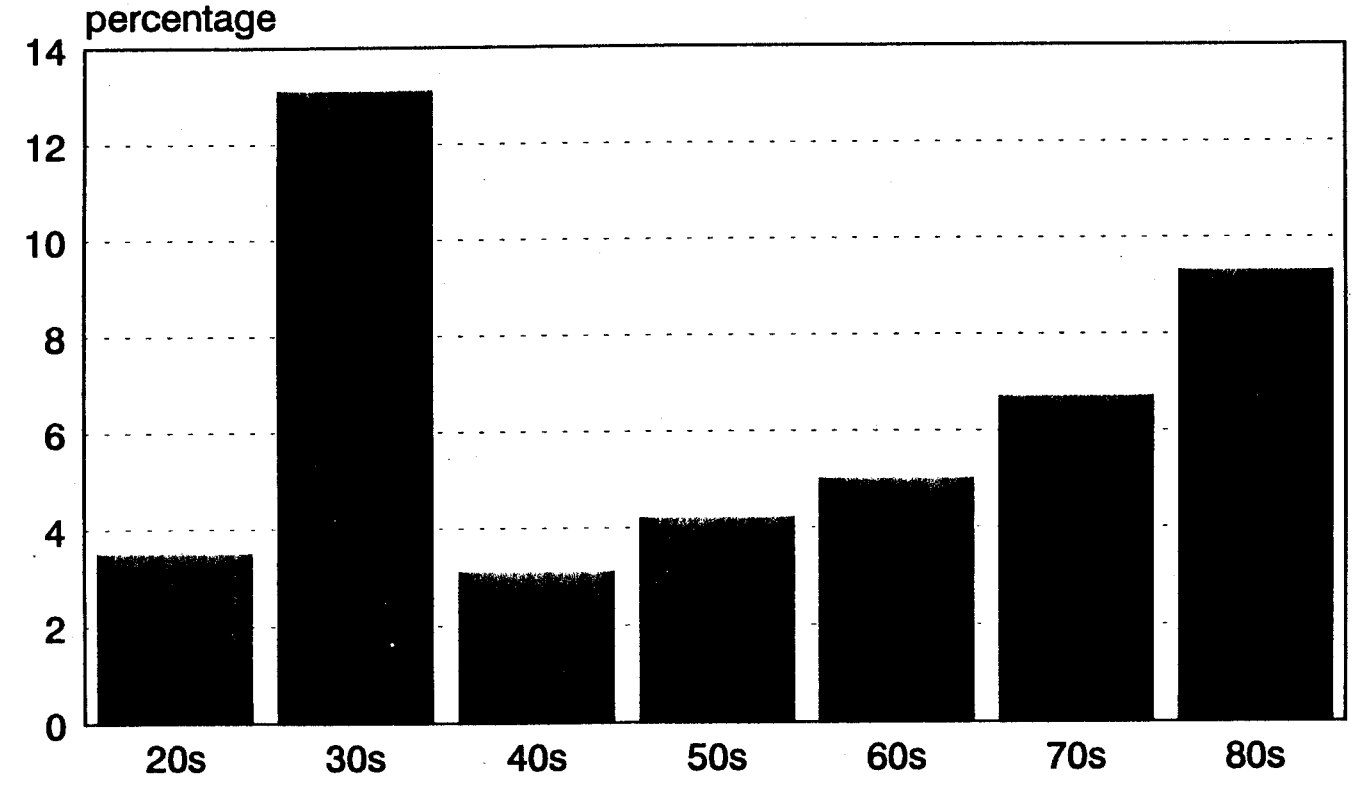
Figure 9 POVERTY RATE

YOUNG UNATTACHED INDIVIDUALS (16-24)



source: Caledon Institute of Social Policy

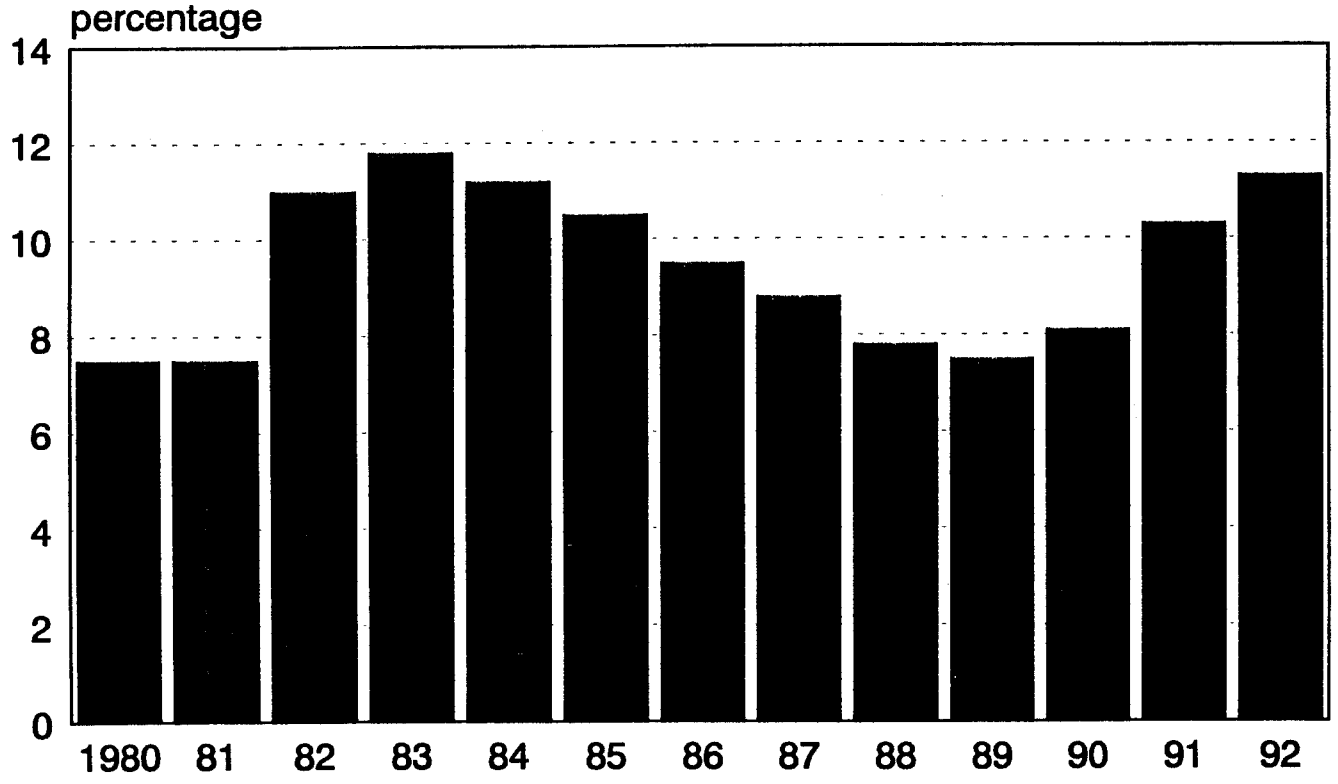
Figure 10 AVERAGE UNEMPLOYMENT RATE, CANADA, BY DECADE



source: Caledon Institute of Social Policy

Figure 11

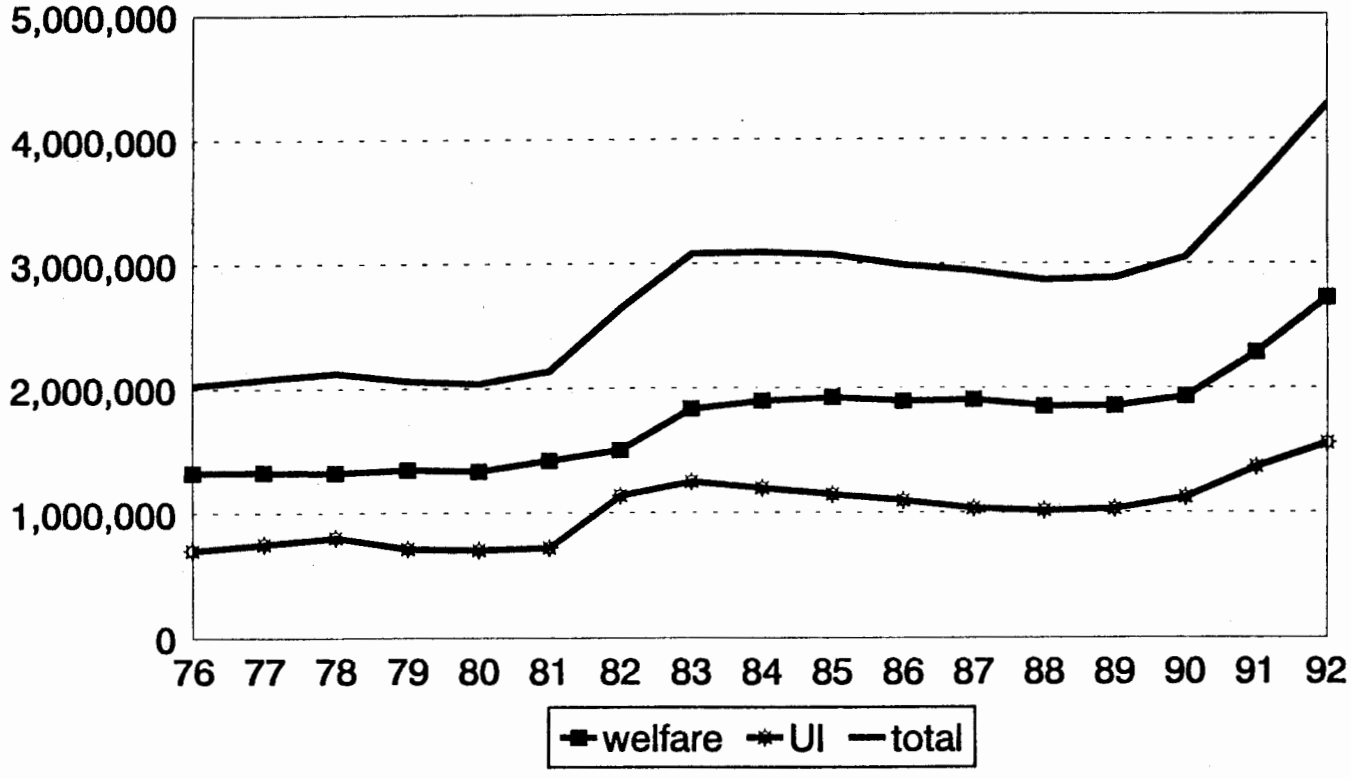
CANADIAN UNEMPLOYMENT RATE, 1980-1991



source: Caledon Institute of Social Policy

Figure 12 WELFARE AND UNEMPLOYMENT

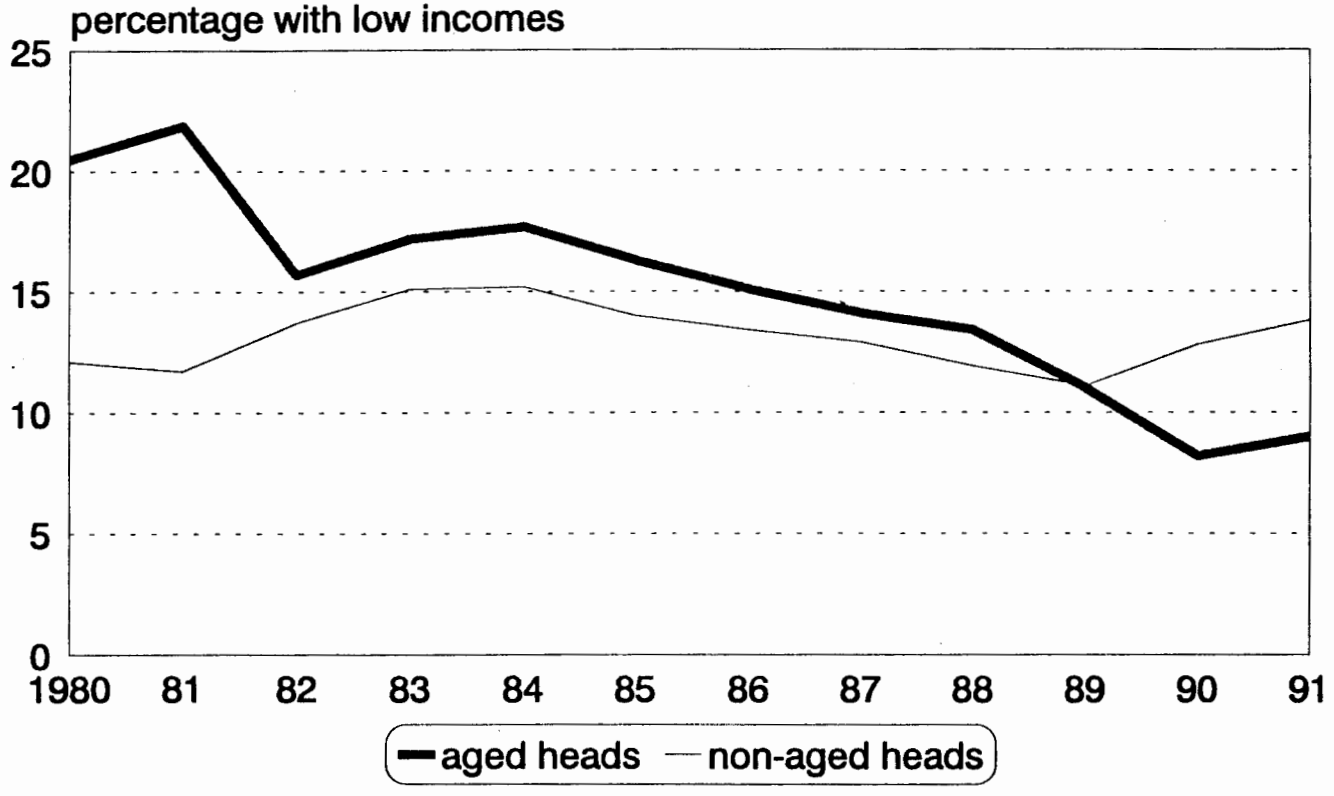
INSURANCE RECIPIENTS, 1976-1992



source: Caledon Institute of Social Policy

Figure 13 POVERTY TRENDS

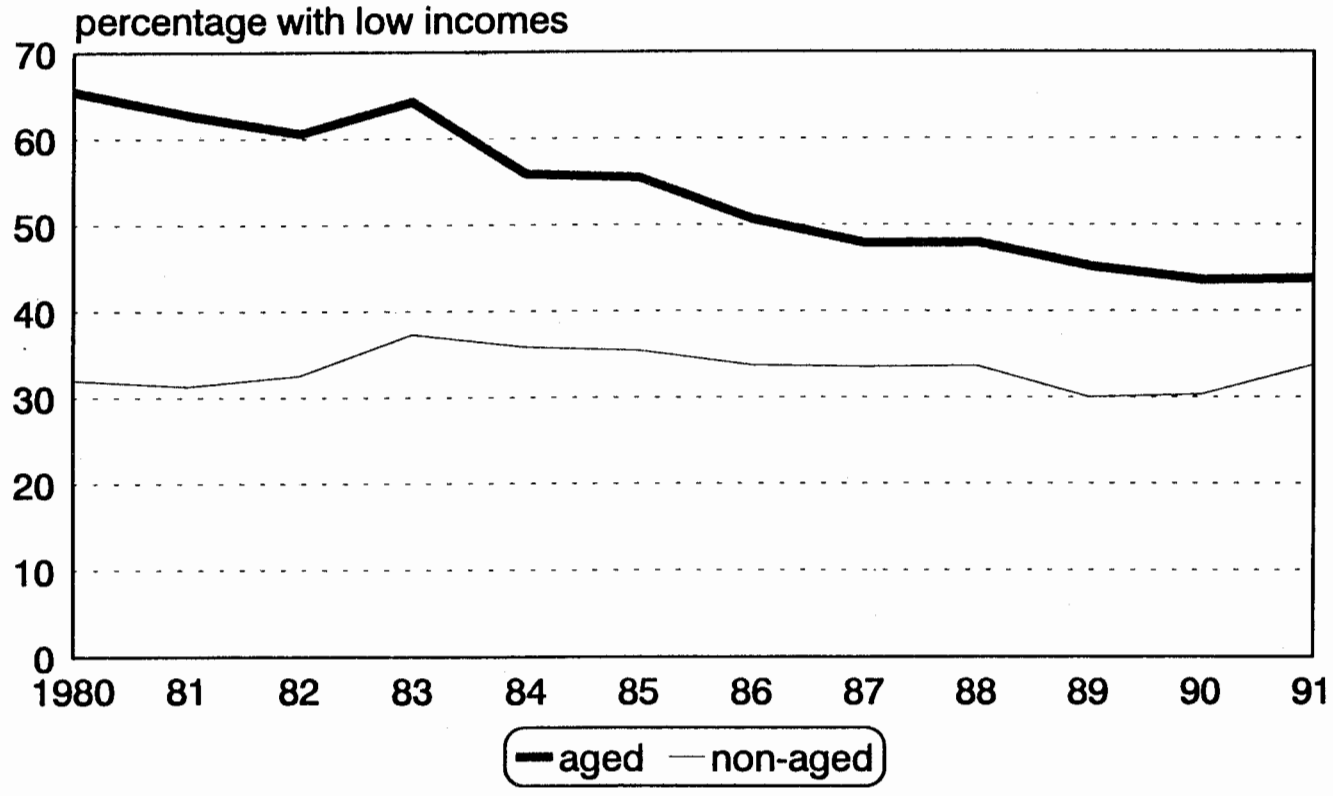
FAMILIES WITH AGED AND NON-AGED HEADS



source: Caledon Institute of Social Policy

Figure 14 POVERTY TRENDS

AGED AND NON-AGED UNATTACHED INDIVIDUALS



source: Caledon Institute of Social Policy

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